App. F. IX-4

Previous References

1934
(G.7).

G 7 File No. 146-36
Serial Nos. 1-39

Letter References.

RECEIVED

Reserve

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Thirty three

P-2142 F

Part B for March 1937

SUBJECT.

Mysore Debenture Loan Switching Fund

WD 0418—GPB—22,500—29-8-36

Ry. F 4]

Railway Secretariat. | File No. of 193 .

14 MAY 1934 No. 2401

Serial No. 1

Residency letter No.3208/791/1931 dated 2nd May 1934 to the Chief Secretary to the Government of Mysore, Bangalore, re: Mysore Debenture Stock Sinking Fund.

Submitted to the Dewan of Mysore.

D 1911
7.5.34.

2 The Financial Secretary as well as the Agent and Auditor, Mysore Railways, have been requested to favour Government with their views in the matter early.

Railway Secretariat Government of Mysore 14 MAY 1934

14/7/34

Secretary for Railways, Government of Mysore.
5-5-34

3 Mis
7-5-34

Subd:
Further views of the Fin. Secy, the Agent & the Auditor, will be awaited.

21/5

21/5

R. 2401
8/6/34.

NOTE—Contn. Sheet.

WD 665—GBPM—5,000—21-9-31.

Ry. F 4]

Railway Secretariat. | File No. of 193

Serial No.

E

Memo No.0.0.L.668 dated 2nd July 1934 fr
the Auditor, Mysore Railways, forwarding a copy
of letter No.0.0.L.667 of the same date address
to the Agent, Mysore Railways, regarding Sterli
Debenture loan.

==========

V

4 The Auditor has sent the accompanying n
to the Agent, Mysore Railways, furnishing his r
marks on the several points raised by the Secre-
tary to the Hon'ble the Resident in Mysore, in l

P.U.D

letter No.3208/791/1931 dated 2nd May 1934.

5. It is stated that the note is prepared
from the materials available in the Audit offic
and that the points have to be examined also by
the Financial Department.

Subs:
S.V.
3/7

3/7/34

6 A note explaining the position
and the action to be taken, is
placed below for Consideration and
orders.

4/7/34

NOTE—Contn. Sheet.

D 664—GBPM—5,000—21-9-31.

N o t e.

1. Under Clause 35 of the Mysore State Railway Contract with the M.&.S.M. Railway Company, the Secretary of State has to take over the Mysore Railway Debenture Stock, as a direct liability on the termination of the Contract in 1937, and such claims and demands in so far as the arrangement between the Company and the holders of Debenture Stock will permit, so that the Company may be released from the same.

2. Assuming that the Secretary of State would be unwilling to carry on the above liability after termination of the present contract, certain suggestions are made in the Residency Memorandum, for the discharge of the loan in 1936 or -- thereabouts, utilising the amount available in the Sinking Fund.

3. The loan is a non-terminable debt carrying a low rate of interest (four percent) and the State is not at present contemplating the redemption of the debt in 1936. We have also held that the liability of the Secretary of State is only nominal and the Sinking Fund was formed as a matter of prudence on the part of the State.

4. But these views of the Mysore Government which have been communicated to the Government of India in the several other previous communications,

have nowhere been definitely accepted by the Secretary of State. The question of redemption is now again raised on the ground that the Secretary of State will be unwilling to carry on the responsibility for the loan.

5. Then the question arises what exactly the liability of the Secretary of State is in regard to Debenture loan and what should be done to relieve him of that responsibility.

6. This very question was discussed at a meeting held at the Residency in August 1923 when Sir Basil Blacket late Financial Member of the Government of India was present. The notes recorded by Mr.~~M~~(now Sir) M.N.Krishna Rao then Financial Secretary, Mysore Government, reads as follows:--

"Mr.Barton (British Resident) enquired what was exactly the liability of the Secretary of State in regard to the Debenture loan? Sir Basil Blackett stated that the Secretary of State having guaranteed interest on the loan, his liability will become operative only if the contingency arose of the Mysore Government not being able to pay interest from their Railway or general revenues. As for the guarantee of the Secretary of State in respect of the principal of the loan, he said there was really no liability involved in it as the

loan was a perpetual annuity. Sir Basil added that when the rate of interest fell below four percent, it would be open to the Secretary of State to effect, by a conversion operation, a reduction in the interest charges,

7. It is clear from the above ssion that the Secretary of State's nsibility is chiefly and mainly in l to the payment of interest on the which he has guaranteed.

8. The Secretary of State had o guarantee interest on Capital supplied y the English Companies during the eighti s of the last century, because the attempt of the Government of India to encourage unguaranteed companies had been nsuccessful between 1862 and 1880. The outhern Mahratta Railway was one of the ompanies formed after 1880 i.e. 1882 ith the guarantee of the Secretary of tate for payment of interest on Capital upplied by the Company. It was a time, hen it was not certain that earnings rom the Railway would be sufficient to over expenses. Now things have changed. angalore-Harihar line is one of the best aying lines.

9. Apart from the above, the resent arrangement is to pay the monthly nstalments of interest direct to the ecretary of State through Messrs.Coutts

o.-

6

the State Bankers in London. More or less it is a payment in advance to the Secretary of State, as otherwise it will be a charge on the Revenue of India (Vide -- clause 36 of the Contract).

10. The payment is therefore made, out of general resources of the State and the amount available in England and it is not dependent on the revenues of the Railway, for which the loan was raised.

11. Even after the lines are resumed by the State in 1938, the present arrangement of paying interest through Messrs. Coutts & Co. may continue, and in case the loan remains undischarged at that period.

12. Clause 35 of the Contract, which stipulates the responsibility of the Secretary of State in the matter, was obviously inserted in the original contract of 1886, because the date of termination of that contract was 1932. There was then an interval of four years between the date of the termination of the original contract, and the date on which to give the notice of discharge for the loan, if required. But in the supplementary contract which was made in 1908, this difference in period was bridged up, by timing the termination of the contract to take effect in 1937, i.e- one year and nine months after the date

to exercise the option for the discharge of the loan.

13. Whatever arrangements the Secretary of State had in contemplation to introduce after the termination of the original contract, for payment of guarantee interest between 1932 and 1937, the same arrangement might as well be introduced, when we take over the Railway in 1938 or when the present contract expires

14. Further the corpus of the Sinking Fund will be in the custody of the ~~Company~~ Comptroller of Currency and this affords sufficient security for the Secretary of State, to continue the guarantee, he has given for payment of interest on the due date.

15. One objection to this, would be that by a recent arrangement, the State has arranged to take over the annual proceeds of the Sinking Fund, for investment on reproductive capital works. This arrangement if required, may be so modified as to leave this source open to the Secretary of State to fall back upon in case of emergency in the event of Messrs. Coutts & Co. failing to pay the interest due.

16. At present the Secretary of State has another source by control over the revenues of the Mysore State Railway, until payment to the State as the Secretary of State may effect imme-

for this source,
deduction in case there is any delay on the part of Messrs.Coutts & Co. in payment of the interest charge.

17. When the Railway is transferred to the State, this hold on the Rly revenues will be lost. To prevent a claim on the revenues of India, some arrangement has to be made by the State to ensure payment of interest in time and the best course appears to be to leave the annual proceeds for the Sinking Fund in tact with the Secretary of State for utilisation in case of urgency.

18. The next point to consider is how long is this arrangement to continue and how long can the Secretary of State be expected to take this responsibility. There is no benefit nor any direct advantage to the Secretary of State in continuing the present arrangement, except it be to assure the British public as to the safety of their investment in the Mysore State loan.

19. A large portion of the Sinking Fund is now invested in the Government of India paper which is not likely to mature in the near future.

20. We may therefore ask the Secretary of State to continue the present loan until such time as the investments in Sinking Fund becomes fully realisable or until the arrival of a

favourable opportunity for the conversion of the whole or a portion of the present loan at a cheaper rate of interest.

21. However, when the present contract expires and the M.&.S.M.Railway ceases to work the Mysore State Railways we have to change the form of the present bond or certificate of the loan with or without the Secretary of State's guarantee. Some action has therefore to be taken in the matter even though the loan be a non-terminable one, calling for no immediate discharge.

22. Should the Mysore Government wish to continue the present loan, the Secretaryof State may be requested to ~~advice their opinion of transferring~~ note by his intention to transfer the working of the Railway to the Mysore State in 1938, when his liability for direct payment of interest will cease. All Debenture holders may at the same time be informed that the loan being a redeemable ~~one~~ only at the option of the borrower, the Mysore Government, on whose behalf the loan relating to the construction of the Mysore State Railway was originally raised, have at present no intention to effect discharge by notice under condition 5 of the Debenture Bond. It is therefore proposed that the Mysore Government should issue fresh certificates on their own responsibility

which the several Debenture holders may be invited to receive and exchange from the State Bankers in England viz. Messrs. Coutts & Co.

23. This is one way of meeting the situation, the alternative being to raise a fresh Sterling loan with the aid and assistance of the Secretary of State, at the current rate of interest, offering to receive the old bonds in exchange for the present loan. Four percent sterling loan with a Sinking Fund at its back should very much attract the investing public, particularly in England, in view of the ~~present~~ prevailing rate of interest for the new loan.

24. It has however to be borne in mind that whenever the Secretary of State has given the guarantee, it has always led to the permanent acquisition of Railways. Secondly, in all agreements where guarantee is provided, there is provision for the purchase of the Railway after 25 years.

25. In the present memorandum, there is a suggestion that Mysore contract can be terminated, only in case other contracts of the Secretary of State with the Company are terminated. This should be contested. Whatever be the intention of the Secretary of State in respect of the State lines worked by the Company, the Government of Mysore have made it clear that they have no intention

of renewing the lease of the Bangalore-Harihar or Bangalore-Hindupur line and that no question of an extension of the lease of any portion of their lines to the M.&.S.M.Railway, should be allowed to arise in connection with the negotiations for the renewal of the Company's contract (Vide Chief Secretary's letter No.Pol.459 dated 4th November 1933).

26. It would be very necessary to bring this to the special notice of th once Residency/again.

27. Taking the several aspects of the case into consideration, the continuance of the Secretary of State's guarantee for the loan does not appear to be desirable and particularly when the Secretary of State would wish to be relieved of the responsibility for the Debenture loan, ~~as the Residency letter and memorandum say~~.

28. The general financial arrangements to be made in connection with the discharge of the Sterling loan largely depends on the finances of the State and their ways and means position of the Government at the time of discharge.

29. There is of course the Sinking Fund and other Sterling securities availbable for the discharge of the loan.

30. They should all be converted into such Sterling securities as will mature in time for the discharge

of the Mysore loan.

30. The present position is as follows:--

	£.
Amount of Debenture loan originally raised.	1,200,000

Details of the Sinking Fund invested with the Controller of Currency.

Sterling securities with M.&.S.M.Ry.bonds.	Nominal £.	Present value. £.
Stock 1936.	24,372	23,580
" 1938.	60,907	58,927
Bombay Improvement Trust 4%. Debentures.	31,300	28,874
Total.	116,579	111,387

	Rs.	Rs.
Rupee securities worth.	12723300	10455877
Converted into sterling at 1s, 6d.		£. 784,191
Total.	(1)+(2)	895,572

31. To bridge the gap between the par value of the Debenture stock (£.12,00,000) and the present value of assets in the Sinking Fund (£.895,572), the Mysore Government have in their possession, in their general investment account, the M.&.S.M.Ry.Stock of 1936 and 1938, aggregating £.494,024 in value, which will more than pay up the difference.

32. The M.&.S.M.Railway stock alone of 1936 and 1938 that is available with the Government and the Controller of Currency amount will alone to £.589,300, which will cancel nearly one half of the loan by 1938.

The Secretary of State may probably be requested to wait until then, when the Government may ask for his assistance to raise a fresh Sterling loan for about one-half of this amount i.e.£.600,000 without having to convert the Rupee securities into Sterling at a loss in the interval, merely for the purpose of discharging the existing loan.

3/7/34

Finance Secretariat
AUG 1934
No.

14

DEWAN'S MINUTE.

No. Fin. 155

FILE No. 193 .

Letter from the Govt. of India re the Railway Staff Fund.

I Has a reply come from the Govt. of India

Mr
7-8-34

Financial Secy)

8.8.34.

P.J.O.

Serial No.

8 The memorandum received with the Residency letter describes the full facts of the case relating to the 4% Debenture Loan of £1,200,000 raised by the M. & S. M. Railway Company and guaranteed by the Secretary of State on our behalf for the construction of our railways. This loan is non-terminable and the debenture holders cannot demand the payment of the principal at any time. The Secretary of State has guaranteed the payment of the principal and interest and when the M. & S. M. Railway Company contract ceases, he takes up the responsibility for the principal and interest direct. It has been assumed in the discussions that according to the contract, our railways will be taken back by us. Although we have been saying more than once that we have no intention of allowing the M. & S. M. Railway Company to work our railways beyond 1937 and would like to get back the lines earlier if possible, there seems to be still a lingering doubt that the termination of our working agreement can only take place along with the termination of the main line contract by the Government of India which can be done by that Government at their option in 1937 and if the Government of India did not terminate it, we could not terminate our working agreement.

9 We must again demur to this position and reiterate our intention that our lines should not be continued to be leased out to them under any circumstances, whether the Government of India terminate their agreement or not.

10 When the agreement is terminated two

WD 2165—GPB—500—27-5-32

Serial No.

two alternatives are possible in regard to the Debentures as pointed out in para 5 of the Memorandum: (1) that the debentures may be paid off by the Mysore Government and (2) that the debentures may be continued, in which case the Secretary of State would continue to accept the responsibility direct instead of being only a guarantor. From the stand point of the Secretary of State, the discharge of the debentures is, no doubt, convenient but, from our stand point it has to be pointed out that we cannot be forced to pay off the debentures and payment could be done only if we choose to do so. Neither the debenture holders nor the Secretary of State can compel us to pay off the debentures. The second alternative, viz., the Secretary of State continuing to be directly responsible will automatically come into operation, and whether the Secretary of State likes it or not and whether he considers that position anomalous or not, he cannot escape from that position. So far as we are concerned, it is to our advantage not to discharge the loan but to continue it with the guarantee of the Secretary of State.

11 There are several advantages in continuing the loan which may be described as follows:-

12 It is not always that we can get an opportunity of issuing a loan with the backing of the Secretary of State. With such backing, there is no doubt that we can get a loan in London at cheaper rates than if we had applied to the public direct. As has been explained on

WD 2165—GPB—500—27-5-32

Serial No.

on some other occasions, if the rate of interest goes high, there is no object in paying off the loan bearing a lower rate of interest. If, on the other hand, the rate of interest goes dow it may be possible for us to effect a conversion of this 4% into one bearing a lower rate of interest, when a suitable opportunity occurs. When we have got the 5½%, 6¼% and 6½% loans it is better for us to discharge them and keep this 4% loan. Further, these 4% debentures, when purchased by us, can be given by us as security to Bankers for any temporary loan or overdraft that we may arrange for in London which facility we would not have had if we give our own Promissory Notes.

13 To the possible objection raised that it is anomalous for the Secretary of State to stand as surety for the loan of a Native State, it may be answered that these Debentures should not be regarded as an ordinary loan by a Native State. It is a Railway Loan issued long ago in 1886. Whatever reasons were in existence when the debenture was guaranteed by the Secretary of State at the time of its issue continue to hold good even now, the only change being that the working agency of the railway has been transferred from the M. & S. M. Railway Company to ourselves -- the proprietors of the Railway. This small change in the working agency need not stand in the way of the Secretary of State continuing to guarantee the debentures. Under the terms of issue, he cannot escape that responsibility unless we are prepared to pay off the

WD 2165—GPB—500—27-5-32

Serial No.

the debentures and as we do not choose to pay, that liability has to be continued. The accumulated sinking fund which we have left in the custody of the Controller of the Currency is more than adequate to serve as a security to the Secretary of State for this guarantee which he is undertaking, if any such security is considered necessary at all. When our intention is not to discharge the loan, the further points that have been mentioned in the note, viz.,

(i) the conversion of the Rupee Securities of the Sinking Fund into Sterling Securities;

(ii) conversion of the long-term Sterling securities into Sterling Securities of short duration which will fall due for payment before 1936;

(iii) question of financing the difference between the total amount of the debentures and the total value of the securities in the Sinking Fund;

do not require further examination. All that we need say is that the conversion of the Rupee Securities into Sterling Securities and the transfer of long-dated Sterling Securities into short-term ones will involve unnecessary expenditure to us and should not be done without our knowledge and consent.

14 If it becomes necessary to purchase Sterling securities, we may give the Secretary of State Sterling securities and take back the Rupee securities.

15 Draft reply to the Residency on these lines is submitted for consideration.

Revenue Secretariat
1 AUG 1911

646
15

19. 1911

20. 8. 34. Dewan Tho' Ch. Sec't + Rev. Sec't) 19/8/34.

Serial No.

16 I should like to discuss this with the First Secy. by 22/8/34

... OFFICE
23 AUG. 1934
No. 1134

17 I had taken the file to the First Member on 22nd August 1934. He was pleased to say that the draft reply proposed is alright so far as it goes. His only fear was that this may possibly prejudice the prospect of our getting back our Railways. He thinks that the fact that we should not give the Company or Government of India any handle or opportunity to put off the transfer of our railways will have to be considered in dealing with this question.

Dewan

23/8.
23/8/34

18 23-8-34

25/8/34.

Issue fair copies after submitting to H Secy for perusal.

... SECTION,
25 AUG. 1934
GENL. & REV. SECTT.

DEWAN'S MINUTE.

DEWAN'S OFFICE
25 AUG. 1934
No. 1008

7

FILE No. 193 . 20

Financial Secy

19 May I see the file about the Shrines loan (M.S.M. Ry) ?

MJ
24-8-34

20 Submitted with the file.

Dewan) 25/8/34.

offrs

21 Please refer the map. Will you put it up then.

JM
25/8

C. 461/Trust file

OFFICE OF THE SECOND MEMBER OF LOU-CIL
1 SEPT. 1934
No. 1616

PRIVATE SECRETARY MYSORE

OFFICE OF TH
M
0 AUG. 1934
No. 1630

DEWAN'S OFFICE
AUG. 1934
No. M. 268

Vasantha Mahal,

Mysore, 29th August 1934.

GB-332

My dear Mirza,

2 With reference to your d.o.letter of the 26th instant, in which you have been good enough to ask my advice regarding the question of the redemption of the Madras and Southern Mahratta Railway Debentures 1936, I venture to advise emphatically in favour of redemption at the earliest possible date.

3 I think this is advisable in the first place on political grounds. You have been pressing on the Government of India for years past your desire to resume the line in 1937, if not earlier, and you have reason to believe that the company will use any argument that they can to delay resumption. To tell the Secretary of State straigh off that you intend to pay off the debentures as soon as you can is to give him an earnest of your intention to resume the line. If any hesitation is shown about taking up the loan, this may be used as an argument in favour of the continuance of company management.

4 There is a special reason for avoiding laying yourself open to this argument. The virtue of the Secretary of State's guarantee (which you say is merely nominal) is that it makes the debentures trustee securities under Section I(i) of the English Trustee Act, but the section in question refers only to the guaranteed debentures or shares of Indian Railway Companies, and I take it that, if the debentures were transferred from the Company to you, they would cease to b trustee securities. In these circumstances, it might well be argued that the only fair thing to the holders of the debentures, if the guarantee was to be continued, would be to continue Company managemen also.

5 As regards the means of repayment, I gather from the file that you already hold £389,991 worth of 1936 debentures in question in addition to £189,309 worth of 1938 debentures. The latter, by reason of their longer currency, command a price of about 1% higher than the 1936 debentures, vide quotation attached. You should therefore be

able to exchange these into the shorter term issue at a profit of £1%. If you did this, you would hold approximately £581,193 out of the total £1,200,000, or nearly half.

26 As regards the remainder, you have £28,874 worth of Bombay Improvement Trust 4% Debentures, which you could sell at a profit of £9,000 and odd, and I am not sure it would not be well to realise this profit. In addition, you have three lakhs of Madras Municipal Debentures. I cannot lay my hand on a recent quotation for these, but I think there is little doubt you could sell them at par or better. This would give you another £22,500. You could also sell the ₨100,000 of 4% Government of India paper 1960-70 at ₨105-12-0, realising, say, £7931. These transactions would provide you with a total sum of £640,498, leaving a balance of £559,502 or, say, 75 lakhs still to be found.

27 To help you in raising this you would have two factors in your favour, namely, the favourable exchange and the fact that you still have the power to issue loans which are free of income tax. Your Government of India rupee securities are all in non-terminable loans and therefore quoted at 90 or under. On the other hand, if you issued a 3½% income tax free terminable loan, you could probably do so at £100% and remit the proceeds to England at 18d.

28 The rupee securities now held as part of the railway sinking fund for the debenture loan could then be taken over as part of the sinking fund for your State Debt in general.

29 I think you told me recently that your last loan transactions had left you with a surplus of cash in hand, so that you might not need to issue a loan for the whole 75 lakhs, but if you do have to borrow, the present time seems to be an extremely favourable one for doing so, and you would have an ample security in the railway undertaking itself.

30 I note that the first date from which you can discharge the debentures is 1st April 1936, and that if you propose to do so from

that date, the Secretary of State will have to give notice from the 1st April 1935, so you have not a great deal of time to spare. I cannot help feeling that the issue of such a notice would be likely to have a most valuable effect on the negotiations relating to the transfer of the line. It would give the Company notice two years before the date on which resumption was due that it was no use manoeuvering further for a renewal of the contract.

Yours sincerely,

The *Madras & Southern Mahratta Railway Co., Ltd.* has been referred to by us on several occasions previously. Carrying 3½% guaranteed, plus share of surplus profits, this is quite an interesting investment at the present price of 123-8. For the year ended March 31st, 1933, the amount distributable from surplus profits, plus the 3½% guaranteed, came to 9% so this represents a yield of over 7%. The Company has two issues of Debentures, the 4% Debenture Stock redeemable in or after 1936 quoted at 98-103 and the 4% Debenture Stock 1938 quoted at 99-104, probably purchasable at about 101–101½. There is also a very small issue outstanding of 2½% Debentures, issued in April, 1933, for a period of five years to replace the 5% Debentures then falling due. Both the 4% Debenture Stocks (guaranteed as to principal and interest by the Secretary of State) are reasonably high yielding investments considering the security though there is the disadvantage of their not having a definite redemption date.

Redemption of the Mysore Railway
Sterling Debenture Loan.

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31 As desired by the Dewan I consulted Sir M.N.Krishna Rao, Sir Charles Todhunter about this. I also had a talk with Mr. O'Brien.

32. Sir Krishna Rao said that this was only an enquiry of the Secretary of State, that there was absolutely no doubt that the return of our Railway to us could not be linked with the repayment of this irredeemable debenture, that we might send a non-committal reply now and that in case the Secretary of State insisted we might repay the Loan. About the repayment, he said that the only point for consideration is what effect it would have on our Revenue Budget, i.e., whether the interest that we are paying on the M. & S. M. Railway Debenture is more or less than the interest we are now getting on the securities that have now to be sold to repay the Loan. As the price of securities has gone up all round and all of them yield less than 4% (the rate of interest on the 3½% irredeemable paper which gives the best return is 3.84% taking the market price of 91/-) the present time is doubtless opportune for selling our investments, realising the high market value and repaying the 4% debentures. When the circumstances are so favourable we should not mind the loss

the loss that may have to be sustained in interest in case the amount of loan that we take cannot be invested till 1936 so as to earn 4% interest. He said also that no doubt a Cash Loan may be got now at 3½% interest but we should not go in for one, unless, taking into consideration capital expenditure and other commitments for the next 3 or 4 years, it is found that the redemption of the Debentures requires a fresh loan and cannot be managed by the sale of our investments, even if it may involve a temporary deficiency in the volume of our investments and brings it below the prescribed level.

33. Mr. O'Brien said that a 4% irredeemable Loan is a good loan from the point of view of Government -- taking a long view of things -- and if we could manage to keep it we should try to do so. If repayment is necessary, he said that the present time was the best as price of securities high and we could successfully get a long term ~~of~~ Tax Free Loan at 3½%. He said 3¼% would be inconvenient and may not do a long-term loan. If the amount realise may be used for purchasing the Debenture Stock in the market, we may avoid loss of interest from now to 1936. In regard to the sale of our securities, he said we may sell long term bonds in preference to short term securities.

34. Sir Charles Todhunter reiterated

reiterated the views contained in his letter. He said though we may have reason and right on our side, the Secretary of State's way of disposal is not similar to ours. He does not look into the file and a City Financier who is entrusted with such matters in his Council will decide and get the formal approval of the Secretary of State. The Railway Company is trying its best to retain the Railway for themselves and the leasst hesitancy on our part may result in the Secretary of State coming to a decision against us. We will then be confronted with an accomplished fact and find it a difficult task to get reversed the decision of the Secretary of State.

He is quite likely to come to a decision and commit us without giving us any further opportunity as he did when the present lease was extended from 1932 to 1937 and as he did in some cases to the knowledge of Sir Charles Todhunter in the case of Railways in the Madras Presidency. He therefore advocated the briefest letter being sent to him intimating that we would pay off, the detailed arrangements for repayment being indicated now alone or proposed to be sent later.

The present opportunity of high price of securities, favourable rate of exchange and ability to raise an Income Tax Free Loan should not be missed.

35. The amount of the loan is £ 1,200,000 and the loan is repayable at the option of the Secretary of State on 1st April 1936 or thereafter on the 1st of October and 1st of April of any year after giving one year's previous notice to the Debenture holders.

36. The Sinking Fund formed for this loan and held in the custody of the Controlle of Currency consists of :-

	Market value taken by the Secretary of State.
(1) Sterling Securities ~~(taken at par value)~~	£ 1,11,381
(2) Rupee Securities (equivalent in Sterling at 1 Sh.6 d. per rupee).	£ 7,84,191
Total	£ 8,95,572

For purposes of this note, we may proceed on this value, though the market rates will always be fluctuating and the present rates are generally more than the rates taken by the Secretary of State.

37. Apart from these, we have got in our General Investment Account, M. & S.M. Railway's Debenture Stock of 1936 and 1938 to the extent of £ 497,021. (1936 Stock £365,61 1938 Stock £ 131,402). If we transfer these sterling securities to the Sterling Loan Sinking Fund Investment account and take back Rupee Securities instead, the position of the Railway Sterling Loan Sinking Fund will be as follows:-

Sterling Securities.		£ 608,402
Rupee Securities		£ 287,170
	Total	£ 895,572

The Sterling portion consists of

1936 Stock (ours)	£ 389,199
1938 (M.S.M. Gr) Stock.	£ 190,329
Bombay 4% 1960-70	~~£xxxxxxx~~ £ 28,874

The rupee portion consists of

3½% rupee paper.	£ 201,629
Other paper	" 85,541

The balance payable to the Sinking Fund towards the full discharge of the Railway Sterling Loan is about £ 300,000 or about Rs 40 lakhs.

~~Even a plausible pretext for not giving us back our Railway and that an offer to repay these debentures will make the chances of our getting back our Railway more certain~~

38. The continuance of the Railway Sterling Loan is advantageous to us for the following reasons:-

(1) The loan is a non-terminable loan, repayable only at our option and the interest rate of 4% for a non-terminable loan cannot be considered as high, taking a long view of things and not merely rates prevailing to-day When interest rates are high, it is an advantage to us to pay interest at 4% while earning interest at higher rates on our investments as has been the case till very recently.

(2) The Loan has got the backing up

up of the Secretary of State (though it is our own) and with the aid of the Debenture Stock we hold, we will be able to easily borrow funds in London or get overdraft from the Banks in London. It will not be possible to make the Secretary of State guarantee any other Loan raised by us.

(3) We have certain Rupee debts carrying interest at 6½%, 6¼% and 6½% and repayable between 1938 and 1941 and it would be desirable to consider the discharge of the 4% Sterling Loan only after these Rupee debts are discharged.

We have also all along held the view that the return of the Bangalore-Harihar Section to us is not in any way connected with or contingent upon this loan being redeemed.

39. If however it is considered that we should not give the Secretary of State or the M. & S.M.Railway Company even a plausible pretext for not giving us back our Railway and that an offer to repay these debentures will make the chances of our getting back our Railway more certain, it has to be stated that there can be no better time for arranging for repayment than now because the price of securities is very high and the prospects of raising a cash loan at cheap rates very promising. If a discharge of the loan on 1st April 1936 is decided on, detailed arrangements for doing so will have to be considered.

40. The first thing for consideration is how to make available the balance of about

bout £ 300,00 required to raise the
inking Fund to the level of the loan.
This may be done :

(1) by sale of securities held in our General Investment Account.

(2) by additional cash borrowings

(a) in London

(b) in India.

The present money market conditions are favourable both for selling investments and for raising new Loans. The result of both courses is roughly the same. All securities have gone up in price recently. By selling securities we realise the Capital appreciation and as at present market rates their yield is less than 4% in all cases including the 3½% Rupee paper, it is profitable to sell them and redeem the 4% Debentures. So far as Cash Loans are concerned it looks as if we can successfully issue a long-term cash loan at 3½% Tax-Free and for a short period of 5 or 7 years at a lower rate, say 3¼%.

41. Which course is to be adopted is for consideration. Even if we raise a Cash loan, £ 300,000 worth of Rupee Securities in the Sinking Fund have to be sold. It is not desirable to add to this figure. According to the Comptroller's report, our investment account shows a deficiency of 23 lakhs on 1/7/1934 and is likely to show a deficiency of 36 lakhs on 1/7/1935. Our Capital expenditure during the next 2 or 3 years is like-

ly

likely to be higher than ~~ordinary~~ the normal figure on account of the Steel Scheme, the supply of Cauvery Electrical power to Bhadravathi, the expansion of the Railway Workshop etc. It is not therefore desirable to sell securities and add to the deficiency in our investment account -- particularly as the retention of these securities will be necessary to enable us to repay our 5½%, 6¼% and 6½% Rupee debts maturing between 1938 and 1941.

42. The raising of a Cash Loan in London is not convenient and is also likely to be more expensive since we have to spend about 5% towards underwriting charges, stamp duty etc. This has not met with the approval of the Dewan either.

43. The most convenient arrangement appears to be to raise a cash loan in India and to remit to London the amount received. Raising a Cash Loan on this occasion and for this specific purpose of redeeming the 4% Railway Loan will not ~~strengthen~~ impair our credit and will be regarded as a valid excuse for a new loan by the general public and the Government of India. We do not know when the rate of exchange will go down. It will be advantageous for us to remit funds to London before the present rate of exchange (1 Sh. 6 d. per rupee) goes down. The opportunity we have now got of raising a cash loan free of British Indian Income Tax is one the maximum benefit of which we should take while it continues.

44 Recently, the Government of India issued a 3% Loan at 99 repayable after years (i.e., in 1941.) This gives an yield of 3.17 per cent. This loan was closed on 11th September 1934 and the total amount subscribed is over 10 crores.

The present time is, I think, the proper time for us to raise the loan. Mr. O'Brien also is of the same opinion. If this is decided upon, it is to be stated that we have not got much time to lose to announce it, as the busy season will come in soon, the Government of India may again come into the market in connection with the opening of the Reserve Bank and probably also with another Conversion Loan.

45. We might succeed with a slightly lower rate of interest than 3½%. But there is no convenient way of arranging for it. For this purpose, if the Loan carries 3½% interest we have to issue it at a premium but this is not usual. To fix the rate of interest at 3% and issue at a discount will not make it attractive to the public. So there is no option except to issue it at 3½% at par. The period of currency may be fairly long. We may put it down at 17 years at the option of Government and in any case after 24 years i.e., 1958. The loan may be limited to a maximum of Rs 50 lakhs and may be kept open for about two months from 1st October 1934, the new loan bearing interest from 15th December 1934.

46. Loss in interest on the cash received by issuing this Loan and from the sale of securities may be avoided by purchasing the M.S.M. 1936 debentures in the open market. When they are notified for discharge, holders have no interest in keeping them and should be willing to part with them at or near the par value.

47. As regards the conversion of £300,000 of Rupee securities into Sterling securities we may ask the Secretary of State if he can do so without causing us loss in capital or in interest . He has several funds like the Gold Standard and Paper Currency Reserves under his control and it might be possible for him to effect such conversion.

48 Three alternative drafts are put up for consideration. A.B. and C.

Draft A is the same as that finally approved by the Dewan. Para 6 of this draft has been slightly amplified, referring to the detailed arrangements for the repayment of the loan. In this draft, we indicate our preference to continue the loan and agree to discharge it only if the Secretary of State insists on the discharge

Draft B :- Paras 4,5 and 8 of Draft A have been slightly modified and in this draft, after giving reasons why the continuance of the loan is not inappropriate we agree to pay off the loan, to ensure that the Railways are retransferred to us.

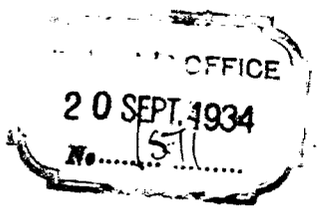
Draft C.- This is a brief draft

H. 35 22

brief draft in accordance with the views of Sir Charles Todhunter. Without discussing the merits of the case at length, it is proposed to communicate the decision of the Mysore Government to pay off the loan.

20/9/34.

(Steward)



49 I think the Govt. Comp. C. may be accepted.

50 The papers may be circulated to the Members of C. & if they are in agreement with me, this draft may be sent.

20-9-34

(Ch Secy).

21/9

For Disposal by Circulation

No. C. 74/23

of 1934/5

GENERAL AND REVENUE SECRETARIAT

Council Matter

Subject

Question of redeeming the Madras and Southern Mahratt Railway Debentures, 1936.

Circulated to the Members of Council

By Order,

R Rarer

21st September 1934.

Chief Secretary to Government.

First Member of Council

Second Member of Council

Financial Secretary, with compliments.

Submitted to His Highness.

G7

52 I submit herewith for gracious perusal the Memorandum received from the Residency in regard to the repayment of the Debenture loan of £ 1,200,000 raised by the Southern Mahratta Railway Company in the year 1886, with the guarantee of the Secretary of State, for financing the Mysore-Gubbi construction and for its extension to Harihar. This loan is a non-terminable one and repayable after 1st April 1936 at the option of the Secretary of State. The present contract with the Madras and Southern Mahratta Railway Company for the working of the Bangalore-Harihar and Bangalore-Hindupur sections of the Mysore State Railways terminates on 31st December 1937 and we have been negotiating for the retrocession of these lines to us before that date, and we have definitely stated that we have no intention of renewing the contract after 1937 under any circumstances.

53 For the repayment of the Loan, we have built up a Sinking Fund which amounts to £ 895,572, according to present values. It is partly in Sterling securities - (value £111,381) mostly Madras and Southern Mahratta Railway Debentures of 1936 and 1938, and partly in Rupee securities (£ 784,191). Apart from this, we have in our general Investment Account £497,021 of Madras and Southern Mahratta Railway 1936 and 1938 bonds. If repayment is to be made, we have to find about £ 300,000 more than the balance in the Sinking Fund. This should not be difficult in the present money market conditions in which value of securities has gone up very high and rate of interest has gone down to 3 and 3½ per cent.

54 In the Memorandum received from the Residency, it is assumed that after the retransfer of our Railways from the Madras and Southern Mahratta Railway Company, the Secretary of State may be unwilling to carry on the liability and may desire to discharge the loan; and certain suggestions have been made in the matter of the repayment of the loan.

57 When the Madras and Southern Mahratta Railway Company cease to be the working agents of the Mysore Government for these sections of their Railway system, the responsibility for the payment of interest accruing on the Debenture loan devolves on the Secretary of State for India according to the terms under which the Debentures were issued. The Debenture holders cannot demand repayment of the loan in cash at any time since the loan is a non-terminable loan.

58 This is a loan raised 48 years ago for the specific purpose of Railway construction in the State and the guaranteeing of a Railway debenture is in accordance with the accepted practice of the Government of India. According to the arrangements made in 1886, the loan was to continue until 1936, that is to say, for four years after the termination of the Railway contract, which was to have terminated in 1932, but which, owing to some special reasons, did not as a matter of fact terminate then but is to continue until 1937. All the conditions attaching to this loan which were in existence in 1886 continue unaltered excepting the fact that the working agency of the Mysore State Railway will be transferred to the proprietors, viz., the Mysore Government themselves, instead of being left with the Madras and Southern Mahratta Railway Company. It is not clear why this by itself should make the Secretary of State feel that it is necessary for him to discharge the loan and clear himself of the position of guarantor. After all, the liability attaching to the Secretary of State is only nominal and there is ample security for the loan in the Railway Revenues of the Mysore Government apart from the sinking fund created for the purpose and left in the custody of the Controller of Currency. For reasons stated above, it was considered that there was nothing anomalous in the Secretary of State continuing as guarantor for the loan even after our Railways are retransferred to us.

57 There are certain decided advantages in continuing this non-terminable loan. At the same time, if the Secretary of State insists on its repayment, the present time seems to be opportune to do so as the Rupee investments in the Sinking Fund are commanding a high price in the market and these with the aid of a small Rupee Loan of Rupees 50 lakhs would suffice to repay the Sterling Loan.

58 Whether we should inform the Secretary of State that we would prefer to continue the Loan under any circumstances or that we prefer to do so but would pay away if he insisted on it or to decide on repayment straight away and inform him accordingly in definite terms were the possible alternatives we had to consider.

59 The several points raised in the Memorandum were also fully considered by myself and the Members of Council and Sir Charles Todhunter was also consulted. Three alternative draft replies were considered. (A.B. and C. in the file). In the first draft, we indicate our preference to continue the loan and agree to discharge it only if the Secretary of State insists on the discharge. In the second, after giving reasons why the continuance of the loan is not inappropriate, we agree to pay off the loan, to ensure that the Railways are retransferred to us. In the last draft, without discussing the merits of the case at length, it is proposed to communicate the decision of the Mysore Government to pay off the loan.

60 We are most anxious to get back our Railway lines at least in the year 1937, if not earlier, and it is considered necessary that we should not give the Secretary of State or the Madras and Southern Mahratta Railway Company any excuse to postpone this transfer. In this view and as the present time for repayment is convenient, I ultimately decided that the last draft (C) may be adopted and payment definitely decided upon and intimated to the Secretary of State. The Members of Government agree

Pages 22 & 23 of Office Notes

in this view.

61 As mentioned in para 1 above, it is necessary to raise a small Cash Loan of Rs. 50 lakhs to repay this debenture. It is accordingly proposed to raise a cash loan (not exceeding Rs.50 lakhs) at 3½ % per annum at par, the loan being made repayable after 17 years at the option of Government and in any case after 24 years. This may also be approved.

62 If the Sterling Loan is to be discharged on 1st April 1936, at least one year's previous notice has to be given to the share holders. When such notice is given, it will be possible to purchase the above stock at or near par value. The raising of a cash loan now may not therefore involve any appreciable loss of interest, if we are able to purchase such stock in the market.

63 I accordingly solicit the gracious sanction of His Highness to the enclosed draft reply (C) proposed to be issued to the Residency, informing the Secretary of State of our intention to pay off the Loan and also to the raising of a Cash Loan of Rs. 50 lakhs as indicated above.

Mirza M. Ismail

Bangalore,
28th September 1934.

D E W A N.

Record of Cases submitted for the Orders of His Highness the Maharaja.

4 1

Subject.

64 Draft reply to the Residency regarding redemption of the Railway Debenture Loan of £ 1,200,000.

165

Order.

~~KRW~~

1/10/34

Secy

1-10-34

R2

4/10/34

General and Revenue Secretariat

6166/H

74

42

Draft reply to the Residency regarding the redemption of the Railway debenture loan of £ 1,200,000/-

(*)

31. All urgent or confidential files returned with His Highnes,' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Head-quarters and then sent to the Secretariat concerned for the issue of orders.

65 Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

R. Rayapakse

Chief Secretary to Government.

Through the Secretary to Government,

Finl ..... Department.

The Dewanru pharad to say that the letter to the Residency may issue. He also approved of the Loan Notification.

FIRST MEMBER OF COUNCIL.

SECOND MEMBER OF COUNCIL.

27/26

67+

Finl Secy. w/ papers

NOTE.—Contn. sheet.

Serial No.	
2	No. Pol. 384/G F 146-34- dated 5/6th October 1934 to the Secretary to the Hon'ble the Resident, stating that the Mysore Government are willing to pay off the sterling loan on the earliest possible date, viz. 1st April 1936, and requesting the Secretary of State to make necessary arrangements for its discharge.
	b) Further action regarding the raising of a cash loan for Rs 50 lakhs dealt with in a separate file G F 146-34.
	b) Draft reminder to the Residency submitted for approval.
	No Pol 897 dated 18th February 1935 to Secretary to the Resident.

4652

Yes for ~~two months~~ till 1.3.36
2/2
2
1-12-34

Re Type

Yes
2
18-2-35

NOTE—Contn. Sheet.

646
6/35

of 193 .

General and Revenue Secretariat

4

DEWAN'S OFFICE
9 MAR. 1935
No. 27.98

70 We have not yet received any communication from the Residency regarding the arrangements made by the Secretary of State for the discharge of the Railway sterling loan on 1st April 1936. Notice of discharge has to be issued by the Secretary of State before 1st April 1935 and immediate action is therefore called for.

71 A personal conversation with the Resident or a special ~~D O~~ to him may perhaps expedite matters.

Dewan

9.3.35

9.3.35.

72 a D.O. may be
h put up regarding
Resident's remarks on Govt. of I.
's telegram & the Nat. Govt. for
on the Govt. of Bypur as consd
May have discharges Mr. responsible
& ~~shall not be expected to~~ Govt. of I.
responsible for any loss that may
occur & then S as also on Mr
part.

MJ
9/3

73 Before a reminder as above could be issued a reference has been received from the Residency in the matter. A reply to the latter is therefore necessary now.

MJ
10/3

11.3.35

45

Serial No. 4

Letter No.F 324-35 R O II dated 11th March 1935 from the Secretary to the Hon'ble the Resident.

14 Draft reply to the Residency submitted for approval. as per personal instruction Dewan

12/3

15 Issue draft approved by the Dewan — vide initials on the foregoing page & also on the draft —

W 12/3

5 No Pol 996 dated 12th March 1935 to the Secretary to the Hon'ble the Resident.

6 Letter no F 324-35 of 6th April 35 from the Secretary to the Hon'ble the Resident

It begs to refer to the P. M. D. Dewan. We may ask him to give us a copy of the notice issued

Init. S.S.

Init. M.M.S.

16 Subs like a draft to the Residency

Issue

9/4

Cipher 9/4/35

7 No Pol 11-27-9-11/13 dated 11th April 35 from the Hon'ble the Resident

17 A copy of the Residency letter has to be sent to the Comptroller for information. Draft endorsement is submitted for approval.

2

22-4-35

18 Issue

Cipher 22/4/35.

TYPING SECTION. 10. APR. 1935 GENL. & REV. SECTT.

TYPING SECTION 24. APR. 1935 GENL. & REV. SECTT.

4473 of 1795

File No. 4 b of 193 .

General and Re
Secretariat

No. Jr 802 9 dated 26-4-35 to the Comptroller.

No. Jr 324-35 9:0 II dated 21st May 1935 from the Secretary to the Resident, forwarding a copy of the notice of repayment of the Mysore Debenture stock published in the London Gazette dated 29th March 1935. 79 A copy of the notice has to be sent to the Comptroller. Draft endorsement is submitted for approval.

DEWAN'S OFFICE
29 MAY 1935
No. 1052

8

JW
26-5-35

For perusal before issue.

H Seey
27.5.35.

81 For perusal. We may also get information from the M & S M Company regarding the details procedure for repayment

Dewan
27/5.

28/5/35.

82
29-5-35.

30/5/35

Issue

To. The Comptroller
no. Jl 8724 dj 1.6.34
Forwards copies to the Comptroller.

IW
30/5

9

31 MAY 1935
GENERAL

5795/41

83 Draft reminder to the Residency regarding the financial arrangements connected with the discharge of the loan, and draft letter to the Agent. M & S M Railway company, regarding the detailed procedure to be followed in connection with the repayment of the loan, are submitted for approval.

The letter to the Agent, M & S M Railway company will, if approved, be issued by the Comptroller.

4-6-35

H Seey) 4/6/35.

85 Both the letters may be (Devan) approved. The second will be issued by the Comptr

4/6

7-2-35 5-6-35.

Draft appd. by Devan taken to issue to the Agent M.S.M.Ry Co

6-6-35

86 5-6-35

87 Issue letters to the Residency

6/6

10 Issued (No. Pol 1008 dated 6-6-35)

26-6-35

11 Letter No. F 324-35 R O II dated 12th July 1935 from the Secretary to the Hon'ble the Resident.

Submitted for kind perusal.

Apparently the letter of the Secretary of State has been communicated to us by the Foreign and Political department of the Government of India and the Controller of currency is not aware of this. The present reference deals only with the sterling securities held by the Secretary of State and with

No. 6 JUN 1935 GENL. & REV. SECTT.

NOTE—Contn. Sheet.

regard to the rupee securities held by the Controller of Currency the Secretary of State has left it to the Government of India to arrange for the conversion etc., of the securities in concert with the Mysore Government.

9\ The Secretary of State states that the disposal of the 1938 M.& S.M. Railway stock held by the Secretary of State should be left to the latter, and that similar stock held by us should be transferred to the Secretary of State full discretion being given to him for disposal at the time which may be found appropriate by him. To trust unreservedly to the Secretary of State and the City interests cannot be regarded as quite safe. He will not be as keen to dispose of them to our best interests as we are. We may be able to do better by selling through Coutts & Co. ourselves or through the Imperial or Reserve Banks. We may therefore send a reply to the Residency letter after Mr. Raghavachar meets Mr. Taylor at Bombay and the result of his discussion is known.

DEWAN'S OFFICE 13 JULY 1935 No. 2163

DEWAN). 18/7.

92 Rv
13-7-35
938 Copy with compliments for note
Return
15.7.35
15/7/35

S 95/2 J 439

General and Revenue Secretariat. G.2 — File No. 146 of 193 5

[App. F. III-2] 4 C

U.O.No.118 Books dated 18th July 1935.

94 Noted and returned with compliments.

A. T. Raghavachari
Comptroller.

To

The Financial Secretary
to Government.

95 Draft letter to the Residency in the light of the discussion with the Reserve Bank is put up for approval.

Dewan) 6.8.35

96 [illegible]
6-8-35

7.8.35

97 Issue
7.8.35

No 2e 189 dated 9-8-35 to the Secretary to the Resident

Memo no 3e 1098 dated 9-8-35 to the Financial Secretary

copy of the above.

9.8.35

NOTE—Contn. Sheet.

File No. of 193

General and Revenue Secretariat

7 OCT 1935
No.....

U.O.Notes Nos. 389 and 427/Bks dated 20th September and 1st October 1935 respectively, from the Comptroller, regarding the Ways and Means position of the State.

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98 Submitted for perusal. I have also made marginal remarks thereon.

99 The Comptroller's note explains the arrangements made for (1) the discharge of the Railway Sterling loan on 1st April 1936 and (2) the amount of overdraft to be obtained from the Imperial Bank for the resource operations in India.

100 Out of the Sterling Loan of £ 1,200,000, the 4% 1936 stock held by us and by the Secretary of State which has to be cancelled, amounts to £389,991 and the balance had to be found by the sale of Securities. The Comptroller has already remitted or arranged to remit to London £ 675,900 partly by the sale of Securities and partly by the retention of surplus cash in Coutts & Co. (£ 35,000) and remittance of the amount realised by the sale of Treasury Bills in India (£ 111,225). The balance yet to be remitted is £ 134,109 and the Comptroller expects that there will be a surplus of about £ 40,000 in the Coutts & Co. balances provided there are no heavy payments to be made in England till 1st April 1936 and that £ 70,000 is expected from the Mining Companies in April 1936 towards supplementary Royalty on dividends and that if the Mining Companies are

NOTE—Contn. Sheet.

induced to pay this amount before 1st April 1936, remittance to this extent can be avoided. The balance viz., £ 24,109 will have to be remitted by selling Securities. We have thus practically accumulated necessary funds in London to pay off the Railway Sterling Loan. The 4% M.& S.M. Stock (value £ 60,907) remaining with the Secretary of State will be a reserve for unforseen contingencies.

104 For conducting the Resource Operations in India a minimum cash balance of Rs 50 lakhs is necessary. The Comptroller thinks that an overdraft up to Rs 25 lakhs will have to be obtained from the Imperial Bank or further sale of securities has to be effected as the balance in the ordinary course will be less than Rs 30 lakhs by the end of February 1936. The amount of overdraft is large and it is desirable to sell Securities further and reduce the amount of overdraft as far as possible. As pointed out in para 3 of this note, £ 146,225 (about Rs 19 lakhs) remitted to London represents surplus cash in India and London, which should in the ordinary course have been available for the normal Treasury operations but have been earmarked for the discharge of the sterling loan to avoid the risk of loss on account of exchange. To this extent at least we have to sell securities. The Comptroller suggests the sale of 3½% paper 1947-50 paper which is quoted at about Rs 103 and 5½% 1936-40 or 5% 1939-44 securities (quoted between Rs 108 & 109). All these three Securities have not depreciated much in value and could be sold in small lots. The latter two have been specially retained for repaying our Loans between 1938 and 1941.

He may, I think, be authorised to sell 3½% 1947-50 paper up to Rs 6 lakhs and 5% 1939-44 for Rs 2 lakhs in lots of Rs 2 lakhs at a time, making up a total of Rs 10 lakhs for the present. The position may be further examined after the sales to this extent are effected. .

102 As it is desirable to avoid or at any rate to minimise the amount of overdraft as far as possible, no avoidable expenditure should be permitted to be incurred and expenditure of a deferrable nature has to be postponed at least till 1st April 1936.

DEWAN). 7.10.35

103 7-10-35

104 Comp with Compliments. For note & return. 7/10

7.10.35

U.O.No.521/Books dated 21-10-1935

105 Noted and returned with compliments.

106 Since the submission of my U.O.Note No.427/Books dated 1-10-1935 and before receipt of orders of Government dated 7-10-1935, 5% 1939-1944 Securities for Rs 4 lakhs and 5½% 1938-40 Securities for Rs 2 lakhs had been sold at rates noted below -

FINANCE DEPARTMENT 21 OCT 1935 No.

5% 1939-44 Securities 2 lakhs @ 108-7-0% net
do " 2 " @ 108-6-0% "
5½% 1938-40 " 2 " @ 108-7-0% "

In view of this, the sale of 2 lakhs of 5% 1939-44 Securities ordered by Government was not effected. The sale of 2 lakhs of 4% 1960-70 Securities referred to in para 4 of my U.O.Note dated 1st October 1935 has also been since effected at Rs 105-4-0 per cent, net.

103. In accordance with the orders of Government, 3½% 1947-50 Securities for Rs 8 lakhs were sold in lots of Rs 2 lakhs each- Rs 6 lakhs at Rs 102-3-0% net, and Rs 2 lakhs at Rs 102-5-0% net. The relative bonds have all been sent away for delivery to the brokers. Out of the proceeds of other securities already sold, I have remitted £ 60,000/- to London and fixed the same with Messrs. Coutts & Co., as a deposit till 30-3-1936 and with this, the total deposits with Messrs. Coutts & Co., London, come to £ 653,900/-. I expect to remit a further sum of £ 46,100/- and to fix it with Messrs. Coutts & Co., before the close of this month thereby completing the required amount of £ 700,000/- referred to in my U.O.Note No.499/Books dated 16-10-35 forwarding the Resource Estimate for October and November 1935. The Mining authorities may be kindly addressed early regarding the payment of Royalty on dividends in March 1936 as a special case, instead of in April 1936 in the usual course.

B. They were

108 I enclose herein, a consolidated statement showing

Serial No.

DEWAN'S OFFICE
22 OCT. 1935
No. 25334.

details of the several Securities sold so far in the year 1935-36 in connection with the arrangements made for the discharge of the 4% M.& S.M.Railway Loan on 1st April 1936. It will be seen therefrom that a sum of about 15 lakhs(£ 113,500) has been utilised out of the Treasury balances and ~~they~~ this may have to be recouped later to the extent necessary, by the sale of further securities when absolutely needed.

C.

A. D. Lowacher
Comptroller
MJRO
7.T.C.

CV

To. the Financial Secy to Govt.

109 Submitted for perusal.

110 'B'. The Mining Companies may be addressed for this payment as also for paying Power Revenue.

111 'C' is noted. Action will be taken later when necessary. It is for consideration if a Submission (Dewan) note may also be put up. 22/10

Members.

22/10/35.

112 Yes - may kindly put up.

MJ
22-10-35.

23/10/35.

113 22/10

24/10

114 Noted 24/10/35

27/10/35

OFFICE OF THE FIRST MEMBER OF COUNCIL.
24 OCT. 1935
No. 2444

OFFICE OF THE SECOND MEMBER OF COUNCIL.
24 OCT. 1935
No. 3058

NOTE.—Contn. Sheet.

WD 03594—GPB—30,000—13-7-35

1859
Ft

File No. 55 of 193 .

General and Revenue Secretariat

115 Encl with D.O.N.

W
30/10

Ft Secy) 30/10/35

116 Dewan) 2/11

117 Mr
3 - 11 - 35

2706

Statement showing details of Securities realised and sold, the proceeds of which are ear-marked for the discharge of the 4% Madras and Southern Mahratta Railway Loan.

=========

Details of Bonds sold or realised.	Face value Rs.	Face value £.	Amount realised. Rs.	Amount realised. £
3½% India Sterling Stock		75,000		73,366
4% M. & S. M. Stock 1938		1,31,402		1,34,400
5% Govt. of India Bonds 1935	10,81,600		10,81,600	
6½% do do	6,05,000		6,05,000	
3½% do Paper	2,00,000		1,90,400	
4% do Securities 1960-70	10,00,000		10,54,800	
5% do 1939-44	6,00,000		6,50,200	
5½% do 1938-40	6,00,000		6,50,200	
3½% do 1947-50	8,00,000		8,17,800	
			=========	3,78,750
Total	48,86,600	2,06,402		5,86,516
	==========	=========		=========

By Sale of Securities	£5,86,500	
By Utilisation of available surplus	£1,13,500	→ including the Fixed Deposit of £70,000/- with Messrs. Coutts and Co. at end of June 1935.
	==========	
Total Fixed Deposits	£7,00,000	
	==========	

Comptroller.

LSR

Submitted to His Highness. 57

118 With the gracious permission of His Highness, the Residency was informed in October 1934 that the Mysore Government would repay the Madras & Southern Mahratta Railway sterling debenture loan of £ 1,200,000 on 1st April 1936, and a Cash loan of Rs 50 lakhs was also raised, to enable us to have the necessary funds for the discharge of the above loan, in addition to the investments held in the sinking fund formed for the purpose. The Secretary of State for India has since notified the discharge of this loan on 1st April 1936.

119 Our original idea was that the rupee and sterling securities held in the sinking fund formed for the above purpose should be converted into sterling for discharging the loan. Subsequently Mr. A. N. Raghavachar, Comptroller was asked to interview the Controller of Currency, and the Managing Governor of the Reserve Bank, regarding the arrangements for the discharge of the above loan, and as a result of his discussion with them, it was considered better for ourselves to sell the securities held in our General Investment account, and place the required funds at the disposal of the Secretary of State, leaving the securities held by the Secretary of State and the Controller of Currency intact. The Residency was informed accordingly.

120 The Comptroller has accordingly taken action to sell securities and transfer funds to London. His note explaining the details of the arrangements made is submitted herewith for His Highness's gracious perusal.

121 The total loan to be repaid is £ 1,200,000. Out of this, stock to the extent of £ 389,991 is held by us and will be cancelled leaving a balance of £ 810,009 to be provided. From the Comptroller's note, it will be seen that he has remitted to Messrs Coutts & Co., London, £ 653,900 so far, to be held as Fixed Deposit till 31st March 1936 (by selling securities held by us to the extent of £ 586,500 and utilising the available

surplus cash for the balance) and that a further sum of £ 46,100 will be remitted shortly. The Comptroller expects that there will be a surplus of about £ 40,000 in the Sterling balance which will accumulate with Messrs Coutts & Co., till 1st April 1936, and that about £ 70,000 can be received from the Mining Companies in April 1936 towards Supplementary Royalty on dividends. It is proposed to address the Mining Companies to make arrangements for the payment of the supplementary royalty before 1st April 1936, if possible. We have thus practically accumulated necessary funds in London to pay off the Sterling Loan. The securities held by the Secretary of State in the Sinking Fund as noted in the margin, will be got back from him and added on to our General Investment Account.

Sterling Securities	..	£ 92,207
Rupee Securities	..	Rs 127 lakhs.

122 These Sterling securities will also be available and will be regarded as a reserve for repaying the Railway Debenture Loan on 1st April 1936 if for any reason the expected accumulation of Sterling resources in London does not materialise.

123 The Comptroller states also that the sum of Rs 15 lakhs utilised out of the ordinary Cash balance for being remitted to London for the above purpose will have to be made up by the sale of securities, to a corresponding extent. This will be done at the proper time, when the necessity for the sale is actually felt.

Mirza M. Ismail

Bangalore,
3rd November 1935.

DEWAN.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Arrangements made for discharging the Madras and Southern Mahratta Railway Sterling Debenture Loan on 1st April 1936.

Order.

~~K.R.W~~

5/11/35

SUBJECT:- Arrangements made for discharging the Madras and Southern Mahratta Railway Sterling Debenture Loan on 1st April 1936.

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Head-quarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders.* (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Finl ..... Department.

8/11/35.

3044/6/11

FIRST MEMBER OF COUNCIL.

9/11

3544/9/11

SECOND MEMBER OF COUNCIL.

9/11/35

Finl Secy, with Counts

9-11-35

9.11.35.

U.O.No.592/Books dated 2nd November 1935

59

Discharge of the 4% H.& S.H.1936 Stock.

124 In continuation of my U.O.Note No.521/Books dated the 21st October 1935, I beg to state that the total amount fixed so far with Messrs. Coutts & Co., comes to £ 723,900/- and that no further remittances from here are necessary according to the programme already settled. But, it is necessary to know beforehand whether the mining Companies will agree to pay the amount of Royalty on Dividends due for the year 1935 in March 1936 alone, as a special case, instead of in April 1936 in the usual course. I submit herewith a draft letter addressed to messrs. John Taylor and Sons, London, for approval and issue, direct from the Secretariat.

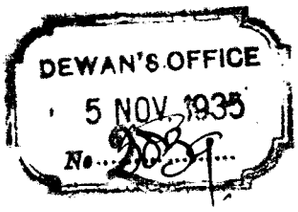
125. In this connection, I think it well to acquaint the Secretary of State for India also with the arrangements made by us so far, and to request him, in view of ~~the~~ these arrangements, to deliver the marginally noted Sterling Securities held by him to Messrs. Coutts & Co., on our behalf. We require these securities either for sale or for raising an overdraft in case the Mining Companies should feel any difficulty in complying with our request.

	£
4% [illegible] S.[illegible] Stock 1938	60,907
4% Bombay Improvement Trust Debentures	31,300
£	92,207

I am therefore submitting herewith two further draft letters - one addressed to the Secretary to the Hon'ble the Resident in Mysore, Bangalore, and the other to Messrs. Coutts & Co., London,

H 1892

London-in this connection. They may also be kindly approved and issued.



A S Lyharacher
Comptroller
by Mans

To

The Financial Secretary
to the Government, with compliments

CV

12b Three drafts are put up for approval as per directions in the main file which has been submitted with a D & M

Dewa

5/11

7 M.I
5-11-35

6/11/35

Let Draft

29+5

128 Fair Copy of the letter to Messrs Cowasjee & Co is put up for Signature.

129 M.I
10-11-35

Dewan)

8/11

11-11-35

Issue

11/11

General and Revenue Secretariat | G.7. File No. 146 of 1934 | [App. F. III—2

Serial No.

13 No.Pol 514 dated 9th November 1935 to the Secretary to the Hon'ble the Resident.(No.Fl 3838 dated 13-11-35-Copy to the Comptroller)

14 No.Fl 3682 dated 11th November 1935 to Messrs Coutts & Co., London(No.Fl 3835 dated 11-11-35-Copy to Comptroller).

15 No.Fl 3796 dated 12-11-35 to Messrs John Taylor & Sons, London(No.Fl 3797 dated 12-11-35-Copy to Comptroller).

25-11-35

16 Letter No.F 324-35 R & I dated 27th November 1935 from the Secretary to the Resident.

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130 According to para 2 of the Residency letter, we have to issue instructions to Messrs. Coutts & Co to cancel 4% M & S M Railway 1936 stock to the extent of £ 365,619 held by Messrs Coutts & Co on our account, to enable the Secretary of State to similarly cancel stock to the extent of £ 24,372 held by him. The point for consideration is whether these stock may be cancelled immediately or whether we may wait till 1st April 1936 which is the due date of discharge. We can have these stock cancelled immediately, if they will not be required for obtaining overdraft in London. We have asked the Secretary of State to hand over to Messrs. Coutts & Co., ~~mmmmm~~ 4% M & S M Ry 1936 stock and Bombay City Improvement Trust board debentures to the extent of £ 92,207, early, and we may perhaps wait for the reply from the Residency.

131 It is also for consideration ~~whether~~ how the interest due on 1st April 1936 has to be adjusted in

WD 03894—GPB—30,000—18-7-35

62 File No. 2218/31 of 193 . General and Revenue Secretariat

our accounts. Messrs. Coutts & Co need not pay interest on the stock held by ~~Messrs Co~~ them and by the Secretary of State, and the interest on the above stock may be adjusted in the Comptroller's office, and Coutts and Co; informed. } A

132 The Comptroller may be consulted.

2 11-12-35

133 Please verify A above

11.12.35

Asstt.

134 H.C Secy) 11.12.35.

135 11/12

12/12/35.

136 Forwarded with compliments to the Comptroller.

12.12.35 A.O.S 11/Dpl 12/12/35

M. Shamaiengar for H.C. Secy

U.O. No. 187 Dy 13/12/35

U.O.No.801/Books. Dated: 18th December 1935.

137 Returned with compliments.

138 2. In the usual course, a sum of £24,000/- has to be paid to the Secretary of State for India, on 1-4-1936 towards interest for the half year ended 30-3-1936 on the entire amount of the loan and out of this, a sum of £7,799-16-4 would come back to us towards interest on £365,619 held in the General Investment Account and £24,372 in the Railway Sterling Loan Sinking Fund Account. If approved, Messrs. Coutts & Co, will be instructed to pay to the

CONTROLLER 13 DEC 519/Dpl 13/12/35

48 13/12

FINANCIAL SECRETARY 20 DEC 35 No.

2218
71

63

the Secretary of State for India on 1-4-1936 a sum of £810.009, towards principal plus a sum of £16,200-3-8 towards interest and also to hand over immediately the entire stock of the nominal value of £365,619/- held by them on our behalf for cancellation along with the stock for £24,372, in his custody.

A

139 Necessary adjustments will be effected in the accounts of this office for April 1936.

DEWAN'S OFFICE
24 DEC. 1935
No. 41.57

Comptroller.

To

The Financial Secretary
to Government.

18/12

140 A May be approved.

S.S. 23-12-35

23/12/35.

141 Dewan) 23/12

23/12/35

142 24-12-35

26/12/35

SG 1/7/36
31 DEC. 35
BANGALORE

143 Forwarded with compliments to the Comptroller.

144 A copy of the letter addressed to Messrs Cantts &co may kindly be sent to this office for necessary further action.

Bo.

26.12.35

Dos Fl: Secy

IW

52 31/1/36
Rdes

General and Revenue Secretariat.

File No. of 193 .

[App. F. III-2

R.O.545/36
6-1-36

FINANCIAL SECRETARY
6 JAN.
No.

U.O.No.853/Books. dated 4th January 1936.

Returned with compliments.

145 A copy of letter addressed to Messrs. Coutts & Co., London, in the matter, is enclosed.

Comptroller.

To

The Financial Secretary
to Government.

146 Draft letter to the Residency is submitted for approval.

10-1-36

10/1/36.

Letter No.F.108-36 R.O.II dated 11th January 1936
from the Secretary to the Resident.

- - - - -

147 Submitted for kind perusal with previous references.

148 What we told Messrs.Coutts & Co., was not merely that the amount of Fixed deposits should be paid to the Secretary of State on 30th March 1936 but also that the Fixed Deposits themselves should be held at the disposal of the Secretary of State, or in other words transferred to the control of the Secretary of State. The letter received from the Residency makes no reference to this and does not show any appreciation of this fact.

149 It is not clear whether the Secretary of State has understood the position clearly or whether knowing the position he has taken a narrow view of the matter, making a distinction between actual cash and a Fixed

NOTE—Contn. Sheet.

Deposit with Messrs. Coutts & Co. Even now, we may explain the position more clearly and say that the Fixed Deposits will be held at the disposal of the Secretary of State immediately, (which is as good as placing cash) and that if this be done there should be no objection to the transfer of our Securities to us, - immediately, as requested in our previous reference.

150 It is however immaterial whether the Securities (Sterling and Rupee securities) are transferred to us immediately or transferred to us after 30th March 1936. Out of the loan of £.12,00,000 to be discharged on 1st April 1936, the stock held by us and by the Secretary of State, which have to be cancelled, amounts to - £.3,89,991/-. We already hold Fixed deposits with Messrs. Coutts & Co., payable on 30th March 1936, for £.7,53,900, (including £.30,000 transferred to Fixed deposits during the last and current months). The balance yet to be provided is thus only £.56,109. We wanted the sterling securities of the value of £.92,207 to be transferred to us immediately, to arrange for the provision of the balance.

151 Messrs. John Taylor and Sons, have since agreed to remit to Messrs. Coutts & Co. before the 31st of March 1936 their dues on account of consumption of power during February 1936 and as a large a portion as possible of the supplementary - Royalty on Dividends for the year 1935, which were being paid in the month of April hitherto. These two items may amount to not less than £.80,000. The Comptroller expects that there will be a surplus of about £.10,000 in the sterling balances which will accummulate with

Serial No.

with Messrs. Coutts & Co., till 1st April 1936. All these put together will amount to £.90,000 against a balance of only £.56,109 to be provided, for there are thus sufficient funds for the discharge of the loan and for the payment of the interest due thereon, on 1st April 1936. Even if, under unforeseen circumstances, a small deficiency is to occur, we may ask Messrs. Coutts & Co., to permit overdraft to the required extent, against the sterling securities of the face value of £.92,207 now held by the Secretary of State on our behalf and which will be transferred to Coutts & Co., after 30th March 1936.

152 Draft reply to the Residency ~~is submitted for approval~~ and draft letter to Messrs. Coutts & Co., are submitted for approval. Another draft to the Resy asking the Secretary of State to cancel the stock held on our behalf by him and by Messrs Coutts & Co is also put up for approval.

Dewan)

13-1-36

153 13-1-36

154 Issue at once

13/1.

NOTE.—Contn. Sheet.

WD 03591—GPB—30,000—18-7-35

No. Pol. 754 dated 15th January 1936 to the Secretary to the Resident(Copy to Comptroller)

No. Pol 753 dated 15th January 1936 to the Secretary to the Resident(Copy to Comptroller)

No. Fl 5665 dated 16th January 1936 to Messrs Coutts & Co., London(Copy to Comptroller).

2825/26

68

Reference - Fl.No.2825 dated the 15th January 1936 from the Financial Secretary to Government forwarding letter No.FO/SL.20 dated the 23rd December 1935 from Messrs. Coutts & Co., Bankers, London addressed to the Dewan of Mysore.

U.O.No. 919 Books dated 21st January 1936.

Returned with compliments.

152. A draft letter addressed to Messrs. Coutts & Co., London, explaining the position is put up herewith for approval and issue from the Secretariat.

A. Rajamani

Comptroller.

To

The Financial Secretary to Government.

156 A. May be approved.

157 Draft letter to the Residency is also submitted for approval.

Dewan 21-1-36.

158 MJ 21-1-36

Issue

Letter No.Fl 5728 dated 22nd/24th January 1936 to Messrs Coutts & Co.,London(Copy to Comptroller)

Letter No.Pol 772 dated 24th January 1936 to the Secretary to the Resident(Copy to the Comptroller).

DEWAN'S OFFICE
21 JAN. 1936
No. 4564

File No. of 193

General and Revenue Secretariat

2975
31 JAN. 1936
GEN'L & REV. SECTT.

FINANCIAL SECRETARY
31 JAN
No.

U.O. No. 960/Books Dated 30th January 1936.

re. Instructions issued by the Madras & Southern Mahratta Railway Co. Ltd. for the repayment of the 4% Debenture Stock 1936.

In continuation of my U.O. Note No.165/Bks dated 26-8-35, I enclose herewith for the information of - Government copy of letter No.W 3217 dated 29-1-36 -- received from the Agent, M. & S.M. Railway Company, Madras, together with a copy each of a "Notice to -- Holders" and a "Request Form' referred to therein.

Comptroller

To

The Financial Secretary
to Govt. with compliments

P.A.

may be filed

1-2-36

1.2.36.

3/2

3/2/36.

discussed

6/2.

7.2.36.

Serial No.

Letter No.FO/SL 22 dated 8th February 1936 from Messrs Coutts & Co.,London(Sent to Comptroller for note and remarks)

U.O.No.1088/Books dated 29-2-1936
2.3.1936.

Noted and returned with compliments.

2. At the time Messrs. Coutts & Co., wrote their letter dated 6-2-36, they held no securities belonging to the State. The securities which are stated to be in their hands belong to His Highness the Yuvaraja of Mysore and they are noted in the margin. It does not appear to be correct to offer them as cover for the overdraft.

Sterling securities belonging to H.H.the Yuvaraja of Mysore:	
4% Funding Loan 1960-90	£ 6,000/-
4% Madras & Southern Mahratta Railway Debenture	£ 7,000/-
3½% War Loan Bonds ..	£ 6,000/-
Total	£ 19,000/-

3. The Bankers have since received from the Secretary of State for India, the Sterling Securities of the nominal value of £ 92,207 mentioned in para 2 of their letter under reference on our behalf and these appears to be sufficient to cover the overdraft, if at all required.

4. The deposit of £ 15,000 referred to in the last para of the Banker's letter was fixed on the 3rd of ~~this~~ the last month for a period of 3 months at 3/4 percent interest per annum as already intimated in my U.O.Note No.979/Books dated 4-2-36. As suggested by the Bankers, this deposit may be utilised when the payment of £ 72,309-3-8 is made, in case an overdraft becomes necessary. They have

FINANCIAL SECRETARY 2 MAR. 1936 No.

NOTE.—Contn. Sheet.

WD 03594—GPB—30,000—18-7-35

2975/F V3319

File No. of 193 . General and Revenue Secretariat

have agreed to pay interest on this deposit also till 31-3-36 at the same rate viz., 3/4% per annum.

A. D. Lafroy
Comptroller

To

The Financial Secretary
to the Government of Mysore,
(with compliments)

Draft reply to Messrs Coutts & Co is submitted for approval

9-3-36

Fl Secy) 9/3/36.

Dewan) 10/3.

10/3/36.

12/3

Issue
12/3/36.

No 3l 6778 dated 13-3-36 to Messrs Coutts & Co., London

DEMANDS OFFICE
10 MAR. 1936
No. 5508

Serial No.

Letter No.1192 dated 23rd March 1936 from the Comptroller, regarding the transfer of certain Rupee Securities from the Controller of Currency.

DEWAN'S OFFICE
1 APR. 1936
No....5974....

Submitted for kind perusal.

Sterling securities of the face value of £ 1,16,579 (including M & S M Ry 1936 stock of the face value of £ 24,372) and Rupee securities of the face value of -- Rs 1,27,23,300 had been held by the Securetary of State - for India and the Controller of Currency respectively. M & S M Ry 1936 stock of the face value of £ 24,372 has been arranged to be cancelled. The remaining sterling securities have been transferred to Messrs. Coutts & Co., London, to be held on our behalf.

Rupee securities of the face value of Rs 112,57,200 have been transferred to the Comptroller and arrangements have been made by the Controller of Currency for the transfer of Madras Municipal debentures of the face - value of Rs 3,00,000, leaving a balance of Securities of the face value of Rs 11,66,100 with the Controller of Currency. The latter will be transferred to us after 1st April 1936, when the entire amount required for the discharge of the loan would have been received by the Secretary of State.

28-3-36

H Seey) 28/3/36

Dewans

For perusal
30/3.

1/4-36.

6/4

6/4/36.

NOTE—Contn Sheet.

WD 03594—GPB—30,000—13-7-35

File No. of 193 .

General and Revenue Secretariat

Letter No.FO SL 20 dated 30th March 1936 from Messrs Coutts & Co.,London, regarding to the payment to the Secretary of State of the sum of £ 810,009.(Copy sent to Comptroller for information etc)

Letter No. F 108-36 R O II dated 17th April 1936 from the Secretary to the Resident stating that the release of the remaining rupee securities has been authorised and steps are being taken accordingly.

3981
—
7C

General and Revenue Secretariat | File No. | of 193 . | [App. F. III—2

Serial No.

Comptroller's unofficial Note No.1448 Books dated 26th May 1936.

Submitted for kind perual.

From the Comptroller's note, it will be seen that the Securities held by the Secretary of State and Controlle of Currency in the Railway sterling loan sinking fund have been transferred to the Mysore Government, since we have placed at the disposal of the Secretary State on 30th March 1936, the entire amount required for the discharge of the sterling loan on 1st April 1936. It is presumed that the sterling loan has been discharged by the Secretary of State, though we have not received any specific intimation of its discharge.

D S N is submitted for approval.

DEWAN'S OFFICE
4 JUNE 1936
No. 7472

2-6-36

Fl Secy) 3/6/36.

Dewan) 4/6.

4/6/36.

4-6-36

NOTE.—Contn. Sheet.

WD 03591—GPB—30,000—18-7-35

Submitted to His Highness.

In continuation of my Submission Note dated 3rd November 1935, regarding the arrangements for the discharge of the Mysore Railway sterling debenture loan of £ 12,00,000 on 1st April 1936, I submit for His Highness's gracious information that the amount required for the discharge of the loan was placed at the disposal of the Secretary of State for India on 30th March 1936, and that the Secretary of State has transferred to the Mysore Government all the Sterling and Rupee Securities held in the Sinking fund formed for the discharge of the loan. It is therefore to be presumed that he has discharged the loan on the due date, though specific intimation to that effect has not been received.

Mirza M. Ismail

DEWAN.

Mysore,

5th June 1936.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Redemption of the Mysore Railway Sterling Debenture Loan.

C Secy
MD
8-6-36

622

Order.

~~KRW~~
6/6/36

Am
9-6-36

3986/7L

General and Revenue Secretariat

640

SUBJECT:- Redemption of the Mysore Railway Sterling Debenture Loan

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the M Council at Head-quarters and to the Secretariat concerne issue of orders.

Circulated to Members of Council for perusal of His Highness' orders ~~before/after~~ issue of Orders. (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Financial Department.

9607/1076

FIRST MEMBER OF COUNCIL.

SECOND MEMBER OF COUNCIL.

11/6/36

Fin. Secy with Compliments

11-6-36

The file may be recorded

03

14-6-36

14-6-36

CONFIDENTIAL.

G.7-146-34-1

All Communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. 3208 Genl
791/1931

MAY 1934

FROM

Major C.G.N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE

To

The Chief Secretary to the Government of 1911
His Highness the Maharaja of Mysore.

Dated, Bangalore, the 2nd ~~April~~ May 1934

Subject.

MYSORE DEBENTURE STOCK SINKING FUND.

SIR,

I am directed to state that the Secretary of State for India in Council has recently had under consideration the various questions which will arise in connection with the retransfer to the Mysore Government of the Bangalore-Harihar and the Bangalore-Hindupur railway lines, if the contracts with the Madras and Southern Mahratta Railway Company are determined in 1937. When the lines are resumed by the Govern of Mysore, it is likely that the Secretary of State will wish to be relieved of his responsibility for the Debenture Loan o £ 1,200,000 raised by the Company in 1886 for financing the Mysore-Gubbi construction and for its extension to Harihar. Some of the main points on which decisions will have to be reached are indicated in the enclosed memorandum. I am to request that the views of the Government of Mysore on t several points raised therein may kindly be communicate this Residency as soon as may be possible.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY TO THE RESIDENT.

ASB/28.4

CONFIDENTIAL.

M e m o r a n d u m.

Mysore Railways.

Sir Mirza Ismail, in a recent note on the subject of jurisdiction over railway lines in Indian States which he communicated informally to the India Office, stated that the Mysore Government will take over and work the Bangalore-Harihar and the Bangalore-Hindupur lines when the contracts under which those lines are worked by the Madras and Southern Mahratta Railway expire on 31st December 1937. In view of this statement the Secretary of State considers it desirable to settle now, so far as possible, what steps should be taken to relieve him of his liability in respect of the Debenture Loan raised by the Company in 1886.

2. The facts seem to be as follows :- 2

Prior to 1887 a line from Mysore City-Bangalore-Gubbi had been constructed by the Mysore Government, and it was essential, as a measure of famine protection, that it should be continued to Harihar, on the Mysore border, to link up with the Southern Mahratta line there. Owing to the financial conditions of the time, the Mysore Government were unable to finance the extension. It was accordingly arranged that :

(a) the Southern Mahratta Railway Company should issue a 4 per cent. Debenture Loan of £.1,200,000, redeemable not before 1936, to provide the necessary finance, the loan being guaranteed by the Secretary of State as to principal and interest;

(b) of the proceeds, some Rs.68 lakh should be paid to the Mysore Government in respect of the Mysore-Gubbi construction, and the balance utilised for the extension;

(c) that the extension should be constructed by the Southern Mahratta Railway Company, and the whole line, called the

Mysore

Mysore State Railway, should be worked by them. The contract (dated 31st August 1887) in this behalf will expire in 1937, if all the Company's contracts with the Secretary of State are then determined.

(d) The Mysore State Line was to be hypothecated to the Southern Mahratta Railway Company, no doubt as agents for the Secretary of State as guarantor against the loan.

The Secretary of State receives half-yearly from the Government of Mysore the interest on the Debenture Stock, which he at once passes over to the Madras and Southern Mahratta Railway Company, for distribution to the stockholders.

3. In 1919 the Mysore Government asked for the restoration of the Mysore City-Bangalore section of the line. As a quid pro quo, the Company was allowed to continue to manage the Bangalore-Hindupur Line, which had been constructed by the Mysore Government and which was being worked by the Company under a contract terminable on short notice. The contract with the Company for the working of the Harihar Section was made by the Secretary of State on behalf of Mysore. That for the Hindupur Line was made by Mysore with the Company direct. The arrangement of 1919 practically resulted in the substitution of the Hindupur Line for the Mysore-Bangalore Line in the security for the loan. The contract for the restoration of the Mysore-Bangalore Line was made on the 24th October 1924.

4. The intention at the time when the contracts referred to above were made appears to have been that the Mysore Government should get back their lines after 1937; and they have now expressed a wish to predetermine the contract in respect of the Bangalore-Harihar Line, and in any case not to renew the contracts after the expiry of the present period. It may be assumed therefore, that in 1938 at the latest the lines will be the Mysore Government's.

5.

5. In the contract of 31st August 1887 with the Southern Mahratta Railway Company, it is provided with reference to the Debenture Stock that

> "the Secretary of State..... shall, if so required by the Company, take over on the termination of this contract, as a direct liability, such claims and demands, to the intent that in so far as the arrangements between the Company and the holders of the Debenture Stock will permit, the Company may be released from the same".

It is to the Secretary of State therefore that the Company and the investor will look to implement the guarantees. It is not likely that the Company will wish to continue to be responsible for the Debenture Loan after they have given up the lines to which the loan related. The responsibility will fall to the Secretary of State, who will not (since Mysore was not directly associated with the guarantee) be able to pass it on to the Mysore Government. The Secretary of State will accordingly have to decide whether (a) to take over the responsibility for the loan, or (b) to pay it off. As regards (a), it would be somewhat anomalous for the Secretary of State to assume liability for a sterling loan raised on behalf of an Indian State. Subject to any representation that may be made by the Mysore Government in this behalf, it would probably be thought best, in all the circumstances, to adopt course (b) and to pay the loan off. It is not repayable before 31st March 1936, but is repayable thereafter on 12 months' notice being given.

6. In 1899 the Mysore Government constituted a Sinking Fund for the redemption of the Debenture Loan, and handed over to the Government of India rupee securities which, it was calculated, would amount to Rs. 180 lakhs, (at 1s/4d the rupee = £.1,200,000), by 31st March 1936. As the loan is repayable in sterling, a portion of the rupee securities was

exchanged

exchanged into sterling securities by a gradual remittance of rupees to England; and the Sinking Fund is now constituted as follows :-

In England.

Security.	£ Nominal	Cost. £	Value on 18th Novr., 1933. £
Madras and Southern Mahratta Railway 4% Debenture Stock due not before March 1936.	24,372	17,951	23,580
Madras and Southern Mahratta Railway 4% Debenture Stock due 1938	60,907	46,404	58,927
Bombay City Improvement Trust 4% Debentures 1969/70.	31,300	19,797	28,874
	£ 116,579	£ 84,152	£ 111,381

In India.

Security.	Nominal amount. Rs.	Valuation at latest available market price. Rs.	Equivalent in sterling at 1/6 per Re. £
Government 3% Loan, 1896-97.	10,66,100	7,46,936	56,020
Government 3½% Loan, 1900-01	4,16,300	3,44,488	25,837
Government 3½% Loan, 1842-43.	17,500	14,481	1,086
Government 3½% Loan, 1865.	1,08,23,400	89,56,364	671,727
Government 4% Loan, 1960-70	1,00,000	98,438	7,383
Madras Municipal Debentures, 4% 1895	14,000	13,440	1,008
Madras Municipal Debentures 4% 1913	1,45,000	1,43,550	10,766
Madras Municipal Debentures, 4%, 1914	1,41,000	1,38,180	10,364
	1,23,300	104,55,877	784,191

7. Up to 1923 the interest on securities held in the Fund was reinvested. In that year the Mysore Government were allowed, in view of their financial difficulties, to receive, for the period from 1924 to 31st March 1939, all the interest accruing to the Fund, which consequently has ~~only~~ been affected since 1924 only by appreciation or depreciation.

8. It may be mentioned here that in connection with their proposals for the utilisation of the Fund in 1923, the Mysore Government made observations to the following effect :-

(i) That the Fund was formed merely as a matter of prudence on the part of the State;

(ii) that the liability of the Secretary of State was only nominal; and

(iii) that the Debenture Stock, according to the terms of the issue, was a 'non-terminable' debt.

It might also be added that from time to time the Mysore Government have expressed a preference for the investment of the Fund in <u>long term</u> redeemable securities. This may perhaps be an indication that they do not contemplate the redemption of the loan in 1936 or thereabouts.

9. Assuming, however, that the Secretary of State will be unwilling to carry on the liability and that the loan will be paid off, it is necessary to consider the ways and means to find the necessary funds. As stated above, the Sinking Fund now consists of

	£.
Sterling securities worth	111,381
Rupee securities worth	784,191
	895,572

<u>In the first place,</u> the Secretary of State considers that it would be desirable to arrange for the conversion by easy stages into sterling securities of the £ 784,191 rupee securities held in India.

<u>Secondly</u>

Secondly, there is the question of bridging the gap between the figure of £.895,572 above and £.1,200,000, the par value of the Debenture Stock. It is understood that £.366,019 of the Stock is held by "Strand Nominees", of which £.320,000 was taken over from Messrs. Coutts and Company in 1929, and the balance has been bought since. Messrs. Coutts and Company are the agents of the Mysore Government; and the stock is probably the Mysore Government's property. If so, the stock could be kept available for cancellation in due course, and the Sinking Fund should be more than sufficient to cover the balance. If, however, there were still a shortage, the question arises what arrangements the Government of Mysore would make to meet it.

Thirdly, the Secretary of State considers it desirable to convert the British portion of the Sinking Fund, as opportunity offers, into securities of a convenient maturity. Debentures due after 1937 are not suitable for the purpose.

10. The Secretary of State considers that the various questions involved should be decided, in principle at any rate, and has requested that the views of the Mysore Government may be ascertained without delay.

SECRETARY TO THE RESIDENT.

ASB/28.4

CONFIDENTIAL

Residency letter No.3208/791/1931 dated 2nd May 1934 to the Chief Secretary to the Government of Mysore, Bangalore re: Mysore Debenture Stock Sinking Fund.

==========

No,R.S. 2090-91 dated 5th May 1934.

A copy of the above is forwarded with compliments to the Financial Secretary and Agent, Mysore Railways, for favour of early remarks. (for favour of obtaining early remarks of the Auditor and transmitting the same with his (Agent's) views thereon)

Agent only.

for Secretary for Railways,
Government of Mysore.

4.5.34

4.5.34

Put up a note for Secretary to the Diwan stating that the above Officers have been requested to favour us with their remarks

A.O. 17.

MYSORE RAILWAYS

No. BB. 1720

Encs.

Confidential.

OFFICE OF THE AUDITOR, Railway Secretariat, Mysore, dated 28th May 1934

30 MAY 1934

From

A. N. RAGHAVACHAR, Esq., M.A.,

Auditor, Mysore Railways,

MYSORE. 2123

To

The Secretary to the Government of Mysore-
for Railways, Bangalore.

Sir,

Mysore Debenture Stock Sinking Fund.

To

With reference to the Agent's memo No.10027 dated 8-5-1934 forwarding for my remarks copy of letter No.3208-791 of 1931 dated 2-5-1934 from the Secretary to the Hon'ble The Resident in Mysore, Bangalore, to the Chief Secretary to the Government of Mysore, Bangalore, on the above subject, I have the honour to request you to kindly arrange to send me such of the connected papers as are available on the subject in the Secretariat to enable me to take further action in the matter.

I have the honour to be,
Sir,
Your most obedient servant,

A N Raghavachar
Auditor.

Subs.
No Papers available are Subs,
Subs: for orders if there may
be Secl- for reference & return.
D SD.
1/6

ksc.

YCo

1/6/34

Sus
105

.....WAY SECRETARIAT

File No.....

DRAFT

Copied by.....

Compared by.....

Signed by.....

REMINDERS ISSUED

1st Reminder.....

2nd ,, ...

3rd ,, ...

4th ,, ...

5th ,, ...

6th ,, ...

SUBJECT Nepoue debenture loan Sinking fund.

No. R.S. 2366 dated 5.6.34 Encs.

To The Auditor m.Rly, Nepoue.

Sir,

As desired in your letter No B.B. 1720 dt 29 ii May 1934 on the above, I have the honour to for-ward herewith old papers of the Rail-way Secty, that are available, for reference and early return.

I have etc.,

for Secy to Govt of Nepoue

2/6/34

Sl. 4/6

FORM .O 148—1500—19-9-34

A.O. 17.

MYSORE RAILWAYS

No. BB. 1778.

Encs.

OFFICE OF THE AUDITOR,
Mysore, dated 12th June 1934.

From

A. N. RAGHAVACHAR, *Esq., M.A.,*
Auditor, Mysore Railways,
MYSORE.

2246
14/6/34.

To

The Secretary to the Government of Mysore for Railways,
Bangalore.

...

Sir,

Re. Mysore Debenture loan Sinking Fund.

....

I have the honour to acknowledge receipt of the file of old papers of the Railway Secretariat on the above subject sent with your letter No.R.S. 2366 dated 5-6-34 and to state that it will be returned as soon as done with.

I have the honour to be,
Sir,
Your most obedient servant

A. N. Raghavachar
Auditor, Mysore Rys.

ksc.

12/6/34

207-1000-27.3-34

All communications should be addressed to the Agent, Mysore Railways, Mysore by TITLE, not by NAME

MYSORE RAILWAYS

AGENT'S OFFICE,

Mysore, 13/6/ 1934.

P. No. 10627 /Fl. 251/2

Enc.

Railway Secretariat, Government of Mysore. 14 JUN 1934 C. No. 9

14/6

From

THE AGENT,

Mysore Railways,

MYSORE.

To

The Secretary

to the Gove: e for Railways, Bangalore.

Sir,

Mysore Debenture Stock Sinking Fund.

With reference to your reminder No.R.S.2401 dated 8th June, 1934, I have the honour to state that the Auditor, Mysore Railways, whose remarks have been called for, has, it is reported, called for the Railway Secretariat papers available on the subject, vide his letter No.B.B.1720 dated 28th May, 1934.

Subs:

The file referred to has been separately sent to Auditor. His opinion will be awaited

Remind Auditor

4/6 MSAB.

I have the honour to be,
sir,
Your most obedient servant.

Agent.

11/6/34

AU 146—1500—19-2-34 A.O. 17.

MYSORE RAILWAYS

No. B.B. 1796

Encs.

OFFICE OF THE AUDITOR,

Mysore, dated 15th June 193 34.

2254
16/6/34

From

A. N. RAGHAVACHAR, *Esq., M.A.,*

Auditor, Mysore Railways,

MYSORE.

To

The Secretary to the Government of Mysore -
for Railways, Bangalore.

Sir,

Mysore Debenture stock sinking Fund.

....

In continuation of this office No. B.B. 1778 dated 11/12th June 1934, I have the honour to state that I have to go urgently on privilege leave for 11 days from Monday the 18th instant and I shall return the Railway Secretariat file with my remarks on the several points raised by the Secretary of State soon after my return from leave.

I have the honour to be,
Sir,
Your most obedient servant,

Auditor, Mysore Railways.

Subs:
The receipt of the remarks will be awaited

S.D. 18/6

One copy of the note prepared by me is herewith submitted for orders

Secy / KRR. 18/6/34

Letter No.1933 dated 26/27th June 1934 from the Comptroller to the Government of Mysore, Bangalore, to the Auditor, Mysore Railways, Mysore.

==========

With reference to your letter No.B.B.1798 dated 15th June 1934, I have the honour to enclose herewith a statement showing details of securities held by the Controller of the Currency on account of the Railway sterling loan Sinking Fund Investment as also of the 4% ~~XXX~~.M. and S.M. 1936 and 1938 stocks held by Government in the General Investment account.

==========

Details of securities held by the Controller of Currency on account of the Railway Sterling loan Sinking Fund Investment.

Details:-- | ice Value. £.

i. Sterling securities:--

4% ~~XXX~~.M. and S.M. 1936 stock	24,372
-do- 1938 "	60,907
4% Bombay Improvement Trust Debentures.	31,300
	£.116,579

ii. Rupee Securities:-- Rs.

3%	Government of India Bonds	1896-97.	10,66,100
3½%	-do-	1865.	108,23,400
	-do-	1842-43.	17,500
	-do-	1900-01.	4,16,300
4%	-do-	1960-70.	1,00,000
4% Madras Municipal Debentures.			3,00,000
			Rs.1,27,23,300

p.t.o.

r% M.&.S.M. Stocks 1936 and 1938 held by Government in the General Investment account.

	£.
1936 stock.	365,619
1938 "	128,402
	£.494,021

=====

8/47 /copy/

AU 775—1500—20-2-34

MYSORE RAILWAYS

All communications should be addressed to the Auditor, Mysore Railways, Mysore by TITLE, not by NAME.

Tel. Address :-" RAIL-AUDIT"
Telephone No. 240.

AUDIT OFFICE,

Confidential.

Mysore, 2nd July 1934.

No. O.L. 667 /Fl.

Enc. one note. and one file.

Railway Secretariat, Government of Mysore
3 JUL. 1934

From

The Auditor,

Mysore Railways, Mysore.

To

The Agent,

Mysore Railways, Mysore.

Dear Sir,

In continuation of this office letter No. B.B.1796 dated 15th June 1934, I beg to append herewith a note furnishing my remarks on the several points raised by the Secretary to the Hon'ble the Resident in Mysore on the subject.

The note is put up from the available material in this office which is rather meagre and the points have to be examined also by the Finance Department.

The file of papers obtained by me from the Railway Secretary in this connection is also sent herewith for being passed on to him.

Yours faithfully,

Sd. A.N.Raghavachar.

Auditor.

p.t.o.

KRR.

No. C.OL. 668.

Copy of the above is forwarded with compliments to the Secretary to the Government of Mysore for Railways, Bangalore, for information in continuation of this office No. B.B. 1796 dated 15th June 1934.

Auditor, Mysore Railways.

KRR.

The four points that arose from a consideration of the Secretary to the Resident's memorandum are (1) Should the sterling debenture loan be paid back and if so, when? (2) With a view to provide for such payment, should not the Rupee Securities be converted into sterling securities? (3) If there is any gap between the total maturity of the loan and the available resources, what arrangement the Government would like to make to bridge the gap.(4) The conversion of the long dated securities maturable after 1937 in the British portion of Sinking Fund into securities of convenient maturities should also be undertaken. The points to be considered are noted seriatim.-

Point No.1. The loan is repayable after 1936 at the option of Government and not necessarily in 1937. The Government of India have also undertaken to pay us the interest on the Sinking Fund up to 1939. There is no reason why we should contemplate repayment before 1939, as our 5½% Rupee Loans would have been discharged by then and the question of meeting the obligations on account of 6¼% and the 6½% loans would be under consideration then. It may be,perhaps, advantageous to consider the consolidated requirements of all these loans including the sterling - one together and to consider the several points and to examine the question of the combined rupee conversion loan at the time i.e. at or after 1939, should the rate of - interest be favourable to our Government then and the exchange also not worse than at present rate i.e. that it is not altered to 1s.4d.

The Secretary to the Hon'ble The Resident however observes that it would be anomalous for the Secretary of State to assume liability for the loan raised on - behalf of an Indian State and that he would perhaps be

unable to take responsibility after the line is handed over to Mysore Government, but if the -- suggestion given in the last para of this note Viz, purchasing back sterling debentures stock is adopted and we are successful, his objection will be met to a very large extent.

Point No.2. I find from the file sent to me by the Railway Secretariat and put up herewith that the Dewan in his memorandum regarding the Railway liability of Mysore dated 22-5-1895 has stated that it was -- difficult at that time to say, with the uncertainty of exchange attached to the future value of the rupee " what amount could be accumulated in the Sinking - Fund, should it be held in sterling". He assumed -- in his calculation that the rupee may fall to about 1/6 in 1936 and it was also estimated by him that the net return in the investment should not be less than 3½%. The present rate of exchange is 1s.6d. and the rupee has appreciated in sterling to somewhere between 30 to 40% of its original value. The conversion of rupee securities invested on an early date into sterling ones now will be advantageous provided the relative differences of the capitalised differential rates of interest in force in regard to these Government - securities in England and in India is much below the relative percentage rise in the rate of exchange. Government stand to gain in capital value on securities by such conversion. The only point is that the long dated securities of sterling now in England - should not be permitted to be converted into short dated ones of convenient maturity as suggested in the memorandum, if we are not to repay our sterling debenture stock. It is quite possible that, if our stock is not to be paid in 1937, we may lose by such deals.

Point No.3. There is no such gap Vide para 52 of

Financial Secretary's memorandum. There is no need for the Secretary of State to entertain any fear on this score. The details of M & S.M. Railway stock of 1936 and 1938 held by us are furnished below:-

1936. ...	£ 3,65,619.
1938....	£ 1,28,402.
Total.	£ 4,94,021.

Point No.4. For the reasons already explained in para 2 above and in view of the fact that the question of the conversion of this stock has to be taken up only after 1939 the need for this does not arise at present.

Finally to avoid all difficulties it would be worthwhile if possible to purchase back all our debenture stock in London even at a premium so as to put ourselves to no loss before 1938 and so that the guarantee of the Secretary of State will be only to ourselves and not to any outside investor holding the debenture. There are obvious advantages in this as it may be possible for us to raise money at economical rates for resource operations of the State in London and liquidate the same at suitable intervals resulting in a net gain to ourselves.

A. S. Rostovach
Auditor.

ksc.

MYSORE RAILWAYS

Communications should be addressed to the Agent, Mysore Railways, Mysore TITLE, not by NAME

AGENT'S OFFICE,

Mysore, 25/7/1934.

No. 62 /Fl. 251/2

Enc. Copy of note in 3 pages. and Ry. Sectt. file.

From

THE AGENT, 192

Agent, Mysore Railways,

MYSORE.

Railway Secretariat, Government of Mysore
28 JUL. 1934

To

The Secretary
to the Government of His Highness the Maharaja of Mysore, Railway Department, Bangalore.

Sir,

Re.-Mysore Debenture Stock Sinking Fund.

With reference to your Memorandum No.2090-91 dated 5th. May, 1934, regarding the above, I have the honour to state as follows.--

The views of the Auditor, Mysore Railways, which had be called for have since been received and a copy of his Note is sent herewith for information.

In the concluding para. of the Auditor's Note, a sugg tion is made "to purchase all our Debenture Stock in London, ev at a premium, so as to put ourselves to no loss before 1938 an so that the guarantee of the Secretary of State will only be t ourselves and not to any outside investor holding the Debentur

This is not understood, for once we purchase the Bond amounts to cancelling the debt and gives rise to no responsibi on the part of the Secretary of State.

Further in the Residency Memorandum.(Para.2(c)), it i observed that the Mysore Contract of 31st August, 1887 would ex only if all the Company's Contracts with the Secretary of Stat are then determined. The intention of the Mysore Government is to get back the lines after 1937, and I think, it is better to re-iterate this intention of Government more definitely, as the

have no idea to extending the present Contract for both Bangalore-Harihar and the Yesvantapur-Hindupur Sections beyond 1937 in any case though they would very much welcome a settlement for predetermination of the Contracts if possible.

In Para.3 of the Memorandum, it is said that "the arrangement of 1919 practically resulted in the substitution of the Hindup line for the Mysore-Bangalore line in the Security for the loan".

The correctness of this statement must be verified from the Secretariat files. As regards the discharge of the loan, I should not think there would, in view of the present price of money and also with due regard to the credit of the Mysore Government, be any difficulty to raise another loan at the same rate of interest in open market, should the Secretary of State be ~~xxx~~ unwilling to continue his guarantee.

There appears to be in the possession of Government, the Madras & Southern Mahratta Railway Company Sterling Securities of 1936 and 1938 to the value of nearly £:4,94,000 and the balance to be found will be less than 2/3rds of the present debt.

I have the honour to be,
sir,
Your most obedient servant.

Agent.

MSAB.

MMR
24/7/34

The four points that arise from a consideration of the Secretary to the Resident's Memorandum are:--

(1) Should the sterling debenture loan be paid back, and if so, when?

(2) With a view to provide for such payment, should not the rupee Securities be converted into sterling securities?

(3) If there is any gap between the total maturity of the loan and the available resources, what arrangement the Government would like to make to bridge the gap?

(4) The conversion of the long dated securities maturable after 1937 in the British portion of Sinking Fund into securities of convenient maturities should also be undertaken. The points to be considered are noted seriatim.--

POINT NO.I.-- The loan is repayable after 1936 at the option of Government and not necessarily in 1937. The Government of India have also undertaken to pay us the interest on the Sinking Fund up to 1939. There is no reason why we should contemplate repayment before 1939, as our 5½% Rupee loans would have been discharged by then and the question of meeting the obligations on account of 6¼% and the 6½% loans would be under consider-ation then. It may be, perhaps, advantageous to consider the consolidated requirements of all these loans including the sterling one together and to consider the several points and to examine the question of the combined rupee conversion loan at the time i.e., at or after 1939, should the rate of interest be favourable to our Government then and the exchange also not worse than at present rate i.e., that it is not altered to 1s. 4d.

The Secretary to the Hon'ble the Resident, however, observes that it would be anomalous for the Secretary of State to assume liability for the loan raised on behalf of an Indian State and that he would perhaps be unable to take responsibility after the line is handed over to Mysore Government, but if the suggestion given in the last para. of this Note viz., purchasing back sterling debentures stock is adopted and we are successful, his objection will be met to a very large extent.

POINT NO.2.-- I find from the file sent to me by the Railway Secretariat & and put up herewith that the Dewan in his Memorandum regarding the Railway liability of Mysore dated 22-5-1895 has stated that it was difficult at that time to say, with the uncertainty of exchange attached to the future value of the rupee "what amount could be ~~said~~ accumulated in the Sinking Fund, should it be held in sterling". He assumed in his calculation that the rupee may ~~a~~ fall to about 1s. in 1936 and it was also estimated by him that the net return in the investment should not be less than 3½%. The present rate of exchange is 1s. 6d. and the rupee has appreciated in sterling to somewhere between 30 to 40% of its original value. The conversion of rupee securities invested on an early date into sterlin ones now will be advantageous provided the relative differences of the capitalised differential rates of interest in force in regard to these Government securities in England and in India is much below the relative percentage rise in the rate of exchange. Government stand to gain in capital value on securities by such conversion. The only point is that the long dated

securities of sterling now in England should not be permitted to be converted into short dated ones of convenient maturity as suggested in the Memorandum if we are not ~~p~~ repay our sterling debenture stock. It is quite possible that if our stock is not to be paid in 1937 we may lose by such dealings-

POINT NO.3.-- There is no such gap vide Para.52 of Financial Secretary's Memorandum. There is no need for the Secretary of State to entertain any fear on this score. The details of M. & S. M. Railway stock of 1936 and 1938 held by us are furnished below:--

1936.	...	£. 3,65,619
1938.	...	£. 1,28,402
Total...		£. 4,94,021

POINT NO.4.-- For the reasons already explained in para.2 above and in view of the fact that the question of the conversion of this stock has to be taken up only after 1939 the need for this does not arise at present.

Finally ~~kkx~~ to avoid all difficulties it would be worthwhile, if possible, to purchase back all our debenture stock in London even at a premium so as to put ourselves to no loss before 1938 and so that the guarantee of the Secretary of State will be only to ourselves and not to any outside investor holding the debenture. There are obvious advantages in this as it may be possible for us to raise money at economical rates for resource operations of the State in London and liquidate the same at suitable intervals resulting in a net gain to ourselves.

(Sd). A.N. Raghavachar
Auditor, M.Rys

"Copy"

MSAB/24.-7.-1934.

24/7/34

CONFIDENTIAL.

Railway Secretariat,
Bangalore, 4th May 1934.

Letter No.3208/791/1931 dated 2nd May 1934 from the Secretary to the Hon'ble the Resident in Mysore, Bangalore, to the Chief Secretary to the Government of Mysore, Bangalore.

5/5/34

Mysore Debenture Stock Sinking Fund.

I am directed to state that the Secretary of State for India in Council has recently had under consideration the various questions which will arise in connection with the retransfer to the Mysore Government of the Bangalore-Harihar and the Bangalore-Hindupur railway lines, if the contracts with the Madras and Southern Mahratta Railway Company are determined in 1937. When the lines are resumed by the Government of Mysore, it is likely that the Secretary of State will wish to be relieved of his responsibility for the Debenture loan of £.1,200,000 raised by the Company in 1886 for financing the Mysore Gubbi construction and for its extension to Harihar. Some of the main points on which decisions will have to be reached are indicated in the enclosed memorandum. I am to request that the views of the Government of Mysore on the several points raised therein may kindly be communicated to this Residency as soon as may be possible.

No.R.S. 2090-91 dated 5th May 1934.

A copy of the above is forwarded with compliments to the Financial Secretary, for favour of early remarks.

M. Ranganja
4/5/34.
Secretary for Railways,
Government of Mysore.

4.5.34

Pol. 393.

All Communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No.F.485-34.
R.O.II.

27 SEP. 1934

FROM

Major C.G.N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

1490

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated, Bangalore, the 26th Sept. *1934*.

Subject.

MYSORE DEBENTURE STOCK SINKING FUND.

SIR,

I am directed to refer to my letter No.3208/791-1931, dated the 2nd May 1934, and to request the favour of an early reply.

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT.

AR.

Draft.

To

The Secretary to the Hon'ble

the Resident in Mysore, Bangalore.

Sir,

With reference to your letter No. 3208/791-31 dated 2nd May 1934, enclosing a copy of the Memorandum ~~of the Secretary of State for India~~, in regard to the arrangements to be made for the discharge of the debenture loan of £1,200,000 raised by the Madras and Southern Mahratta Railway Company in 1886 for financing the extension of the Mysore State Railways up to Harihar in case these lines now worked by M. & S. M. Railway Company are resumed by the Mysore Government, I am directed to state as follows:-

2. As already made clear more than once and particularly in our last letter No. Pol. 826/Rys 8 dated 10/2/1934 the ~~Mysore~~ Government of Mysore are not willing to continue the existing leases with the M. & S. M. Railway Co. for working the Bangalore-Hindupur and Bangalore-Harihar lines of the Mysore State Railways beyond 1937 under any circumstances. They feel that the termination of their contract with the M. & S. M. Railway Company in ~~the year~~ 1937 should not be regarded as hypothetical and contingent on the determination of the main line contract of the Secretary of State with the M. & S. M. Railway Company but as a settled fact, whatever (the Government of India may do) the decision reached may be with regard to the main line contract.

3. When the M. & S. M. Railway Company ceases to be the working agents of the Mysore State Railways the responsibility for the payment of interest on the accruing Debenture loan devolves on the Secretary of State for India according to the terms under which the

the Debentures were issued. The Debenture holder cannot demand repayment of the loan in cash at any time, since the loan is a non-terminal ~~loan~~ one. It is not the desire of the Mysore Government to repay these debentures but ~~on the other hand~~ they ~~want~~ wish to continue them and at a suitable opportunity are ~~desirous of~~ converting these ~~debentures~~ debentures into ~~one~~ bearing lower rates of interest.

4. It is stated in para 5 of the Memorandum of the Secretary of State that it would be somewhat anomalous for the Secretary of State to assume liability for a Sterling loan raised on behalf of an Indian State, and the Secretary of State ~~may~~ might desire to pay the Debenture holders in cash. ~~Though this may be true in the abstract~~ This no doubt is the correct practical principle in regard to loans generally taken by the Indian States, it ~~may not be very appropriate~~ does not seem advisable in a case like the present one where the loan was raised 48 years ago for the specified purpose of Railway Construction. Guaranteeing a Railway Debenture is in accordance with ~~an~~ the accepted ~~principle~~ practice of the Govt. of India and cannot be regarded in the same way as guaranteeing any other kind of loans of a Native State. All the conditions attaching to this loan which were in existence in the year 1886 will continue unaltered except that the working agency of the Mysore State Railways will be transferred to the proprietors, namely the Mysore Government, instead of being left with the M. & S. M. Railway Company. It is not clear why this by itself should make the Secretary of State feel that it is necessary for him to discharge the loan and clear himself of the position of Guarantor. After all, the liability attached to the Secretary of State is only nominal and there is ample security for the loan in the General & Railway revenues of the Mysore Government apart from the sinking fund created for the purpose and left in the

Are loans contracts for Ry. purposes have to be regarded differently from other loans.

custody of the Controller of ~~the~~ Currency.

5. In these circumstances, the Mysore Government trust that the Secretary of State will not ~~desire~~ insist on repayment of the loan and will allow it to continue on the same terms as before, ~~and that he will also arrange to have~~ until such time as it may be possible to convert it the loan ~~converted~~ into one on a lower rate of interest, ~~at a suitable opportunity~~.

6. As it is not proposed to repay the loan, it ~~is~~ seems unnecessary to consider the detailed arrangements suggested in the Memorandum of ~~the Secretary of State~~ for the conversion of Rupee securities into Sterling securities and of long-term Sterling securities into short-dated ones maturing before 1936. The Mysore Government will only state that these conversions ~~will~~ would involve much ~~expense unnecessarily~~ and ~~need not~~ as quite unnecessary be done, ~~and~~ If done at all, it should be with the knowledge and consent of the Mysore Government, ~~and that~~ When the conversion of Rupee securities into Sterling securities is desired, it may be possible for the Mysore Government to effect such exchange to a large extent by giving those ~~which~~ securities which are in their holding.

I have etc.

Chief Secretary to Govt.

19/8/34

A

To

The Secretary

the Resident in Mysore,

BANGALORE.

S i r,

With reference to your letter No. 3208/791-31, dated the 2nd May 1934, enclosing a Memorandum on the subject of the Debenture Loan of £. 1,200,000/- raised by the Madras and Southern Mahratta Railway Company in 1886 for financing the extension of the Mysore Railways up to Harihar in the event of these lines now worked by the Madras and Southern Mahratta Railway Company being resumed by the Mysore Government, I am directed to state as follows:-

2. As already made clear more than once, and particularly in their last letter No. Pol. 459 ~~826~~/Ry. dated ~~10th February 1934,~~ to the Secretary to the Resident in Mysore, the Mysore Government are not willing, under any circumstances, to continue the existing leases with the Madras and Southern Mahratta Railway for working the Bangalore-Hindupur and Bangalore-Harihar lines of the Mysore State Railways, beyond 1937. They feel that the termination of their contract with the Madras and Southern Mahratta Railway Company in 1937 should not be regarded as hypothetical and contingent upon the determination of the main line

contract of the Secretary of State with the Madras and Southern Mahratta Railway Company, but as a settled fact whatever may be the decision reached with regard to the working of the main system.

3. When the Madras and Southern Mahratta Railway Company ceases to be the working agents of the Mysore Government for these sections of their Railway System, the responsibility for the payment of interest accruing on the Debenture Loan devolves on the Secretary of State for India according to the terms under which the Debentures were issued. The Debenture holders cannot demand repayment of the loan in cash at any time since the loan is a non-terminable loan.

4. It is stated in para 5 of the Memorandum that it would be somewhat anomalous for the Secretary of State to assume liability for a Sterling loan raised on behalf of an Indian State, and the Secretary of State might desire to pay the Debenture holders in cash. This principle may be urged in regard to loans taken by the Indian States generally but it does not seem applicable in a case like the present one. The Mysore loan was raised 48 years ago for the specific purpose of Railway construction in the State. The guaranteeing of a Railway debenture is in accordance with the accepted practice of the Government of India and loans contracted for Railway purposes can well be regarded differently from other loans. It may also be pointed

out that according to the arrangements made in 1886, the loan was to continue until 1936, that is to say, for four years after the termination of the Railway contract, which was to have terminated in 1932, but which, (however,) owing to some special reasons, did not, as a matter of fact, terminate then but is to continue until 1937. All the conditions attaching to this loan which were in existence in 1886 continue unaltered excepting the fact that the working agency of the Mysore State Railways will be transferred to the proprietors, viz., the Mysore Government themselves, instead of being left with the Madras and Southern Mahratta Railway Company. It is not clear why this by itself should make the Secretary of State feel that it is necessary for him to discharge the loan and clear himself of the position of Guarantor. After all, the liability attaching to the Secretary of State is only nominal and there is ample security for the loan in the Railway Revenues of the Mysore Government apart from the Sinking Fund created for the purpose and left in the custody of the Controller of Currency.

This does not, however, mean that the Mysore Government do not wish to repay the loan at any time. They do intend to repay it but only when they find it convenient to do so. The Mysore Government have certain Rupee loans bearing higher rates of interest, viz., 5½, 6¼, and 6½ % and repayable in 1938, 1940 and 1941. They

have to take all these loans into consideration in regulating their policy of repayment of their loans.

5. In these circumstances, the Mysore Government trust that the Secretary of State will not insist on the repayment of the loan in 1936 and they will regard it as a great favour if he will be so good as to allow it to continue on the existing terms for some time longer until the Mysore Government consider the time propitious for repayment.

If, however, after considering all they have said in this letter, and in view of their desire to take over the line from the Madras and Southern Mahratta Railway Company in 1937, the Secretary of State comes to the conclusion that it is best to terminate the loan, the Government of Mysore will accept his decision and will arrange to pay off ~~the loan~~.

6. The Mysore Covernment are most grateful for the suggestions contained in the Memorandum for the repayment of the Debentures. As stated in the Memorandum, they own the Madras and Southern Mahratta Railway Debenture Stock of 1936 and 1938 to the extent of £.4,97,021/- in addition to the stock in the Debenture Loan Sinking Fund, and when repayment is made, there will be no need to sell, or convert into sterling securities, all the Rupee securities held by the Controller of Currency.

I have, etc.,

Chief Secretary to Government.

6. The Mysore Government are most grateful for the suggestions contained in the Memorandum regarding the points to be considered in connection with the repayment of the Debentures. As stated in the Memorandum, the Sinking fund formed for the redemption of this loan and held with the Controller of Currency consists of

Sterling Securities worth	£ 1,11,381
Rupee Securities worth ..	7,84,191
Total	8,95,572

The Mysore Government have in addition, in their General investment account M & S.M. Railway Debenture stock of 1936 and 1938 to the extent of £ 4,97,021 (1936 stock £ 3,65,619 and 1936 stock £ 1,31,402). They propose to make this stock available for the redemption of the Loan getting back from the Sinking fund the Bombay City Improvement Trust Debenture bonds of the face value of £ 31,300 and Rupee Securities of corresponding value. With this transfer, the Sinking Fund may be regarded as consisting of Sterling Securities to the extent of £ 5,79,528 and Rupee Securities to the extent of £ 3,16,044. The balance required (about £ 3,00,000) for the discharge of the loan will be placed at the disposal of the Secretary of State in Cash.

7. As suggested in para 9 of the Memorandum, it will be necessary to convert

convert Rupee Securities of the value of £ 3,16,044 into Sterling Securities and long dated Sterling securities into short term ones maturing before 1936. What detailed arrangements the Secretary of State proposes to take in the matter of this conversion have not been mentioned in this Memorandum. The Mysore Government desire that these conversions should be arranged in such a manner that there will be no loss to them either under "Principal" or under "Interest". The following are some of the suggestions which the Mysore Government wish to make in the matter:-

(1) If the Secretary of State or the Government of India have in their holdings pertaining to other funds, Sterling Securities maturing before 1936, they may transfer these securities to the Mysore Railway Sterling Loan Sinking Fund account and take in exchange Rupee Securities of the Sinking Fund.

(2) The M & S.M. Railway Debenture stock of 1936 may be purchased in the Market for M & S.M. Railway Stock giving at or near par value in exchange, since after the loan is notified for discharge, holders will have no particular interest in holding on their stock.

The M & S.M. Railway Debenture stock of 1938 is being quoted in the market at a higher price than the 1936 stock and the exchange of the former into the latter is likely to result in some gain.

(3) Any stock of 1938 which may remain unconverted or unsold on the date when the loan is due for repayment may be taken over by the Secretary of State for any of his investments at ~~or near~~ par value or market value whichever ~~or market~~ may be higher.

8. In conclusion, I am to request you to be so good as to obtain and communicate as early as possible the decision of the Secretary of State in the matter.

I have etc.,

Chief Secretary to Govt.

Alternative Draft. 'B'

Substitute the following for the last sub para of para 4 and for para 5:

5. For reasons stated above, the Mysore Government feel that there is nothing inappropriate in continuing the above loan until ~~given time as~~ the Mysore Government feel convenient to discharge it, even after the Bangalore-Harihar and Bangalore-Hindupur sections of the Mysore State Railways are re-transferred to the Mysore Government. If however the Secretary of State thinks ~~that~~ it is advisable for the Mysore Government to pay it off ~~the loan~~ or that ~~the~~ its continuance ~~of this loan~~ will stand in the way of the retransfer of the Mysore State Railways to the Mysore Government in the year 1937 - if not earlier - of which the Mysore Govt., are very keen as already brought to notice in para 1 above, the Mysore Government are prepared to pay off the loan, and the Secretary of State may make necessary arrangements for its discharge.

Alternative Draft.'B'

Substitute the following for para 8:-

"8. In conclusion I am to request you to be so good as to intimate at your earliest convenience the action taken by the Secretary of State in the matter of the discharge of the loan."

Alternative Draft C

Substitute the following for paras 3 to 5:--

"3. After a careful consideration of the several points raised in the Memorandum and in view of ~~the~~ their keen desire that nothing should stand in the way of the retransfer of the Mysore State Railways to the Mysore Government in the year 1937--if not earlier-- of ~~which they are very keen,~~ the Mysore Government agree to pay off the loan on the earliest possible date, viz., 1st April 1936, and the Secretary of State may make necessary arrangements for its discharge."

Substitute the following for para 8:--

"6. In conclusion, I am to request you to be so good as to intimate at your earliest convenience the action taken by the Secretary of State in the matter of the discharge of this loan."

Pol 384 dy 5.10.34
C.7.1246-34-2

C.

To

The Secretary to the Hon'ble
the Resident in Mysore,
BANGALORE.

S i r,

With reference to your letter No.3208/791-31, dated the 2nd May 1934, enclosing a Memorandum on the subject of the Debenture Loan of £ 1,200,000/- raised by the ~~Madras~~ Southern Mahratta Railway Company in 1886 for financing the extension of the Mysore Railways up to Harihar, in the event of these lines now worked by the Madras and Southern Mahratta Railway Company being resumed by the Mysore Government, I am directed to state as follows:-

2. As already made clear more than once, and particularly in their last letter No.Pol.459/Ry. dated 4th November 1933 to the Secretary to the Resident in Mysore, the Mysore Government are not willing, under any circumstances, to continue the existing leases with the Madras and Southern Mahratta Railway Company for working the Bangalore-Hindupur and Bangalore-Harihar lines of the Mysore State Railways, beyond 1937. They feel that the termination of their contract with the Madras and Southern Mahratta Railway Company in 1937 should not be regarded as hypothetical and contingent upon the determi-

and no. Pol 362 dated 29th Septr 1934

of the contract for the main line between the Secretary of State

nation of the ~~main line~~ contract of the Secretary of State ~~with~~ and the Madras and Southern Mahratta Railway Company, but as a settled fact, whatever may be the decision reached with regard to the working of the main system.

3. After a careful consideration of the several points raised in the Memorandum and in view of their keen desire that nothing should stand in the way of the retransfer of the Mysore State Railways to the Mysore Government in ~~the year~~ 1937, -- if not earlier -- the Mysore Government agree to pay off the loan on the earliest possible date, viz., 1st April 1936, and the Secretary of State may make necessary arrangements for its discharge.

4. The Mysore Government are most grateful for the suggestions contained in the Memorandum regarding the points to be considered in connection with the repayment of the Debentures. As stated in the Memorandum, the Sinking Fund formed for the redemption of this loan and held with the Controller of Currency consists of ___

Sterling Securities worth	£ 1,11,381
Rupee Securities worth	£ 7,84,191
Total	£ 8,95,572

The Mysore Government have in addition, in their General investment

account, Madras and Southern Mahratta Railway Debenture stock of 1936 and 1938 to the extent of £ 4,97,021 (1936 stock £3,65,619 and 1938 stock £ 1,31,402). They propose to make this stock available for the redemption of the Loan getting back from the Sinking fund the Bombay City Improvement Trust Debenture bonds of the face value of £ 31,300 and Rupee Securities of corresponding value. With this transfer, the Sinking Fund may be regarded as consisting of Sterling Securities to the extent of £ 5,79,528 and Rupee Securities to the extent of £ 3,16,044. The balance required (about £ 3,00,000) for the discharge of the loan will be placed at the disposal of the Secretary of State in Cash.

5. As suggested in para 9 of the Memorandum, it will be necessary to convert Rupee Securities of the value of £3,16,044 into Sterling Securities and long dated Sterling securities into short term ones maturing before 1936. What detailed arrangements the Secretary of State proposes to make in the matter of this conversion have not been mentioned in this Memorandum. The Mysore Government desire that these conversions should be arranged in such a manner that there will be no loss to them under ~~either~~ "Principal" or "Interest". The following are some of the suggestions which the Mysore Government wish to make in ~~the~~ matter:-

(1) If the Secretary of State or the Government of India have in their holdings pertaining to other funds, Sterling Securities maturing before 1936, they may transfer these securities to the Mysore Railway Sterling Loan Sinking Fund account and take in exchange Rupee Securities of the Sinking Fund.

(2) The Madras and Southern Mahratta Railway Debenture stock of 1936 may be purchased in the market at or near par value giving cash or Madras and Southern Mahratta Railway Stock of 1938 in exchange, since, after the loan is notified for discharge, the holders will have no particular interest in holding ~~on~~ their stock.

The Madras and Southern Mahratta Railway Debenture stock of 1938 is being quoted in the market at a higher price than the 1936 stock and the exchange of the former into the latter is likely to result in some gain.

(3) Any stock of 1938 which may remain unconverted or unsold on the date when the loan is due for repayment may be taken over by the Secretary of State for any of his investments at par value or market value, whichever may be higher.

6. In conclusion, I am to request you to be so good as to intimate at your earliest convenience the action taken by

the

the Secretary of State in the matter of the discharge of ~~this~~ the loan.

I have etc.,

Chief Secretary to Government.

TM
4'10

C.7. 146-34-3

No. Pol. 897 & 18/2/35.

To

The Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

Subject.- Discharge of Mysore Railway Sterling Debenture Loan.

Sir,

I am directed to invite ~~him~~ reference to this office letter No. Pol. 364 dated 5/6th October 1934 intimating the intention of the Mysore Government to repay the M.& S.M. Railway Sterling Debenture Loan on the earliest date, viz.,1st April 1936 and requesting that necessary arrangements may be made ~~for the purpose~~ in the matter. No reply has been received so far ~~in the matter~~.

The date for issuing the notice is fast approaching and the Government of Mysore ~~are~~ would be grateful if you would kindly ascertain & let them know ~~anxious to be assured that~~ necessary action has been already taken or will be taken in time.

I am therefore to request you to ~~kindly~~ so good as to intimate the present stage of the matter and to get the Government of Mysore a definite assurance that the notice of discharge will be duly given before the 1st April 1935

I have etc.,

14/2/35

Financial Secretary to Govt.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 18th Feb. 1935

No. Pol. 897

From

S. Shamanna, Esq., B.A.,
Financial *Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Secretary to the Hon'ble the Resident in Mysore,
Bangnalore.

Sir,

SUBJECT:--Discharge of Mysore Railway Sterling Debenture Loan.

I am directed to invite reference to this office letter No.Pol.384, dated 5/6th October 1934, intimating the intention of the Mysore Government to repay the Madras and Southern Mahratta Railway Sterling Debenture Loan on the earliest date, viz., 1st April 1936, and requesting that necessary arrangements may be made in the matter. No reply has been received so far.

The date for issuing the notice is fast approaching and the Government of Mysore would be grateful if you would kindly ascertain and let them know if necessary action has been already taken or will be taken to issue it in time.

I have the honour to be,
Sir,
Your most obedient servant,

Financial Secretary to Government.

V.L.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

IMMEDIATE.

Pol.1347

No. F.324-35
R.O.II

(Cf. 7. 146-34--4)

FROM

Major C. G. N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 11th **March** *1935.*

Subject.

MYSORE DEBENTURE STOCK SINKING FUND.

SIR,

I am directed to refer to the correspondence ending with letter from the Financial Secretary to the Government of Mysore No. Pol.897/F dated the 18th February 1935, and to say that a telegram has been received from the Government of India enquiring whether the Mysore Government's agreement to pay off the loan on 1st April 1936 is unconditional on the decision of the Government of India in the matter of the transfer of the working of the Bangalore-Harihar and Bangalore-Hindupur Lines. I am to request you to be so good as to say what reply should be given to the Government of India.

2. I am also to explain in this connection that the suggestions made by the Government of Mysore in paragraph 5 of their letter No.Pol.384/G.F.146-34, dated the 6th October 1934, will now be impracticable; for after the inauguration of the Reserve Bank, the Secretary of State will not be in a position to conduct such operations. The Government of India assume that the agreement notified by the Government of Mysore in paragraph 3 of their letter of 6th October 1934 is not intended to be conditional on the acceptance of these suggestions; but before arranging to give notice of the repayment of the loan in 1936 the Secretary of State wishes to have an assurance

that

that it is the clear understanding that in that event the Mysore Government will be prepared to carry out the exchange of the securities mentioned in paragraph 4 of their letter, and that any balance required (over and above the value of the securities then held in the Sinking Fund) will be provided in sterling by the Mysore Government.

3. As it is very important that notice of the repayment of the loan should be given before 31st March 1935, I am to impress upon the Government of Mysore the importance of sending an immediate reply to this letter.

I have the honour to be,

Sir,

Your most obedient servant,

SECRETARY TO THE RESIDENT.

BJ
11/3

Immediate.

Copy of Letter No.F.324-35/R.O.II, dated 11th March 1935 from the Secretary to the Resident in Mysore to the address of the Chief Secretary to the Government of Mysore.

Subject. - Mysore Debenture Stock Sinking Fund.

I am directed to refer to the correspondence ending with letter from the Financial Secretary to the Government of Mysore No.Pol.897/Fl. dated the 18th February 1935, and to say that a telegram has been received from the Government of India enquiring whether the Mysore Government's agreement to pay off the loan on 1st April 1936 is unconditional on the decision of the Government of India in the matter of the transfer of the working of the Bangalore-Harihar and Bangalore-Hindupur Lines. I am to request you to be so good as to say what reply should be given to the Government of India.

2. I am also to explain in this connection that the suggestions made by the Government of Mysore in paragraph 5 of their letter No. Pol.384/G.F.146-34, dated the 6th October 1934, will now be impracticable; for after the inauguration of the Reserve Bank, the Secretary of State will not be in a position to conduct such operations. The Government of India assume that the agreement notified by the Government of Mysore in paragraph 3 of their letter of 6th October 1934 is not intended to be conditional on the acceptance of these suggestions; but before arranging to give notice of the repayment of the loan in 1936 the Secretary of State wishes to have an assurance that it is the clear understanding that in that event the Mysore Government will be prepared to carry out the exchange of the securities mentioned in paragraph 4 of their letter, and that any balance required (over and above the value of the securities then held in the Sinking Fund) will be provided in sterling by the Mysore Government.

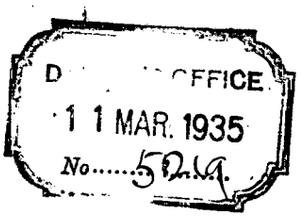
3. As it is very important that notice of the repayment of the loan should be given before 31st March 1936, I am to impress

P.T.O.

upon the Government of Mysore the importance of sending an immediate reply to this letter.

.....

"C O P Y"



original sent to Financial Secy.
Copy is submitted for perusal
Dewan) 6/11/35

11-3-35

6/11/35

(Secret)

Immediate

No. Pol. 996 & 12/3/35

G.7. 146-34-5

To

The Secretary to the Hon'ble the
Resident in Mysore, Bangalore.

Subject:- Mysore Railway Debenture Loan.

Sir,

With reference to your letter No. F. 324-35 R.O.II dated 11th March 1935, I am directed to state that, as already stated in this office letter No.Pol. 384 dated 5/6th October 1934, the ~~Mysore~~ Government of Mysore have decided to repay the above loan ~~at~~ on the earliest possible date, viz., 1st April 1936, and so far as the decision to repay ~~this~~ the loan is concerned, it may be regarded as unconditional. The Mysore Government are however ~~are~~ at a loss to understand why ~~there should still be~~ any doubt or difficulty should still be felt in the matter of the transfer of the Bangalore-Harihar and Bangalore-Hindupur sections of the Mysore State Railways ~~to the owners of the Railways, after~~ on the expiry of the period for which ~~it has~~ they have been leased to the Company. They have more than once made it clear that they are most anxious to get ~~back~~ back these lines as early as possible and are not willing under any circumstances to allow the Company to work them after the expiry of the period now agreed upon ~~and they would feel obliged if an assurance on this point is communicated to them.~~

2. Regarding the detailed arrangements for the discharge of the loan, I am to s that the Mysore ~~Government~~ Darbar will arrange

to provide the funds required for the discharge ~~of the loan~~ purpose in addition to what is available in the Sinking Fund. It is stated that the suggestion made by this Government in para 5 of our Their letter No. Pol. 384 dated 5/6-10-34 are now impracticable, as after the inauguration of the Reserve Bank, the Secretary of State will not be in a position to conduct such operations. In regard to this I am to state that the Mysore Government of Mysore do not know what exactly is possible or not possible for the Government of India to do under the new condition, but will be quite satisfied if the Government of India agree would be good enough to afford ~~us~~ the Mysore Government all the help and advice that ~~they~~ the Govt. of India can possibly Could give for converting the investments in the Sinking Fund into Sterling available for discharing the debenture loan on 1st April 1936, by means of on 1-4-36 without causing ~~us~~ unnecessary loss. ~~to the Mysore Government.~~

In conclusion, I ~~trust~~ am hopeful that the views of the Mysore Government have been made sufficiently clear and the Secretary of State will arrange to give the requisite notice immediately and ~~in time for~~ about the repayment of the loan on ~~1-4-36~~ April 1, 1936.

I have etc.,

Asst

~~Financial~~ Chief Secretary.

2
12-3-35

Ans 1293.

Pol. 996 /G.7-146-34-5

12th March 5.

~~Rajasevasakta R. Ranga Rao, Esq., B.A., B.L.,~~
The ~~Chief~~ Secretary to Government.

The Secretary to the Hon'ble the Resident in Mysore.

SUBJECT:- MYSORE RAILWAY DEBENTURE LOAN.

With reference to your letter No. F. 324-35 R.C. II dated 11th March 1935, I am directed to state that, as already stated in this office letter No. Pol. 384 dated 5/6th October 1934, the Government of Mysore have decided to repay the above loan on the earliest possible date, viz., 1st April 1936, and so far as the decision to repay the loan is concerned, it may be regarded as unconditional. The Mysore Government are, however, at a loss to understand why any doubt or difficulty should still be felt in the matter of the transfer to them of the Bangalore-Harihar and Bangalore-Hindupur sections of the Mysore State Railways on the expiry of the period for which they have been leased to the Company. They have more than once made it clear that they are most anxious to get these lines back as early as possible, and are not willing, under any circumstances, to allow the Company to work them after the expiry of the period now agreed upon.

2. Regarding the detailed arrangements for the discharge of the loan, I am to state that the Durbar will arrange to provide the funds required for the purpose in addition to what is available in the Sinking Fund. It is stated that the suggestion made by this Government in para 5 of their letter No.Pol. 384 dated 5/6th October 1934 are now impracticable, as, after

after the inauguration of the Reserve Bank, the Secretary of State will not be in a position to conduct such operations. In regard to this I am to state that the Government of Mysore do not know what exactly is possible or not possible for the Government of India to do under the new conditions but they will be quite satisfied if the Government of India would be good enough to afford them all the help and advice that the Government of India could give for converting ~~their~~ the investments in the Sinking Fund into Sterling for discharging the debenture loan on 1st April 1936, without causing them any unnecessary loss.

3. In conclusion, I am to express the hope that the views of the Mysore Government have been made sufficiently clear, and that the Secretary of State will kindly arrange to give the requisite notice immediately about the repayment of the loan on April 1, 1936.

I have the honour to be,
Sir,
Your most obedient servant,

Draft W

~~CHIEF~~ JC SECRETARY TO GOVERNMENT.

hks.2

URGENT.

G.F. 146-34-6. Pol. 1476

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. F.324-35
R.O.II.

NO.

We may ask them to send us a copy of the notice issued

Dewan)

FROM FINANCIAL ADVISER 3 MAR 1935 4473 CEN

Major C.G.N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

DEWAN'S OFFICE 1935 5076

Dated Bangalore, the 6th April *1935*.

Subject.

MYSORE DEBENTURE STOCK SINKING FUND.

SIR,

With reference to the correspondence ending with your letter No.Pol.996/G.F.146-34, dated the 12th March 1935, I am directed to say that the Government of India have informed this Residency by telegram that notice of repayment of the Mysore Debenture Stock on 1st April 1936 is understood to have been published in the London Gazette of the 29th March 1935, and that a further communication will follow regarding the financial questions involved.

This will be awaited. In the meantime we must think out the best arrangements that could be made.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY TO THE RESIDENT.

PKH
6.4.

R 8029 19 26/4/35

Copy to the Comptroller with compliments, for information.

For Secretary

22.4.35

WR 5/4

Appendix F. G.–1]

SUBJECT.....

.....

.....

Section. C. 7.

File No. 346-264

Serial No. —

No. Pol 1127

Diary No. of letter replied to.....

To

The Secretary to the Hon'ble the Resident
In Mysore.

General and Revenue Secretariat.

( )

the *193* .

Subject: Mysore Debenture Stock Sinking Fund

Sir

Date of issue 13. 4. 35

With reference to the correspondence resting with your letter no 7. 324-35 A.O. II dt 6th April 35. I am directed to request you to kindly obtain and send to this office a copy of the notice of repayment of the Mysore Debenture Stock stated to have been published in the London Gazette of the 29th March 35

Signed by Mr S. Shamanna

List of enclosures.....

I have etc

Copied by CRG

Examined by.....

for Financial Secy.

10/4/35.

WOR MM

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

FINANCIAL SECRETARIAT,

Pdl 1127.

Bangalore, Dated, 11th April 1935

From

S. Shamanna, Esq., B.A.,

Financial Secretary to the Government of His Highness the Maharaja of Mysore.

To

The Secretary to the Hon'ble the Resident in Mysore.

Subject.- Mysore Debenture Stock Sinking Fund.

Sir,

With reference to the correspondence resting with your letter No. F. 324-35/R.O. 11 dated the 6th April 1935, I am directed to request you to kindly obtain and send to this office a copy of the notice of repayment of the Mysore Debenture Stock stated to have been published in the London Gazette of the 29th March 1935.

I have the honor to be,

Sir,

Your most obedient servant,

Financial Secretary to Government.

C.R.O.2

C.7-146-34-8 Pol.1689

All Communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. F.324-35
R.O.II

FINANCIAL SECRETARY
2 MAY
No.

FROM

Major C. G. N. Edwards, C.I.E.,
SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

24 MAY 1935
5795

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated, Bangalore, the 21st May *193* 5.

Subject.

MYSORE DEBENTURE STOCK SINKING FUND.

24 MAY 1935

SIR,

With reference to your letter No. Pol.1127, dated the 13th April 1935, I am directed to forward a copy of the notice of repayment of the Mysore Debenture Stock published in the London Gazette of the 29th March 1935.

Copy of the above is forwarded with compliments to the Comptroller for information, with a copy of the notice.

27.5.35.

for Sec'y

26-5-35

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT.

BJ

India Office, S.W.I.
27th March 1935.

Madras and Southern Mahratta Railway
4 per cent. Debenture Stock, 1936.

- - -

The Secretary of State for India in Council, in accordance with the terms under which the 4 per cent Debenture Stock, not redeemable before 1st March 1936, in the Madras and Southern Mahratta Railway Company, Limited, (formerly the Southern Mahratta Railway Company, Limited) was issued, hereby gives notice that it is the intention to redeem the Debenture Stock outstanding at par, on 1st April, 1936. As from the 1st April, 1936, interest on the Debenture Stock will cease to be payable.

Repayment will be made by the Madras and Southern Mahratta Railway Company, Limited, 25, Buckingham Palace Road, S.W.I, by whom information as to the procedure to be followed will be issued, in due course.

C. Kisch,
Assistant Under Secretary of State.

---:0:---

"C O P Y"

SUPERINTENDENT, RESIDENT'S OFFICE.

BJ

G.7-14634—9

Letter No.F.324-35/R.C.II dated 21st May 1935 from the Secretary to the Hon'ble the Resident in Mysore, to the Financial Secretary to the Government of Mysore.

Subject.-

Mysore Debenture Stock Sinking Fund.

With reference to your letter No.Pol.1127, dated the 13th April 1935, I am directed to forward a copy of the notice of repayment of the Mysore Debenture Stock published in the London Gazette of the 29th March 1935.

General and Revenue Secretariat.

No. Fe 8724(1) Dated Bangalore the 1st June 1935.

Copy of the above is forwarded with compliments to the Comptroller, for information with a copy of a notice.

By Order,

M. Shamanna

For Financial Secretary to Govt.

c.n.

2 drafts

IMMEDIATE

No. 1911 Bonds 6-6-35 Encl copy of letter.

To

The Agent,

M & S M Railway Company,

Madras.

1W 2-43 6.6.35

Sir,

I have the honour to enclose herein for your information a copy of the notice of repayment of the Mysore issued by the Secretary of State and Debenture stock published in the London Gazette of the 29th March 1935. In para 2 of the notice, it has been stated that repayment will be made by the M & S M Railway Company by whom information as to the procedure to be followed will be issued in due course. I request you to be so good as to kindly send to this office, as early as practicable, a copy of the instructions issued by the Company, in the matter.

I have etc.,

6.6.35

(Comptroller.)

approved by Dewan.

6.6.35

2W 9/6

2 Drafts

Pol 1308 & 7 6/35

To

C.-7146-34-19

The Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

Mysore Debenture stock sinking fund.

Sir,

I am directed to invite ~~kind~~ reference to your letter No.F 324-35 R O II dated 6th April.1935, ~~regarding~~ stating that the discharge of the Mysore Railway Debenture loan on 1st April 1936 has been notified and that a further communication will follow regarding the financial questions involved. I am to request you to be so good as to kindly ascertain and intimate as early as possible the details of the arrangements proposed to be made in connection with the discharge of the loan, ~~as early as practicable.~~

I have etc.,

4/6

4-6-35

Financial Secretary

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 6th June *193*5

No. Fol. 1308 / 9C 1G.7.1467-34-

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Secretary to the Hon'ble the Resident in Mysore.

Sir,

Subject.
Mysore Debenture Stock Sinking Fund.

I am directed to invite reference to your letter No. F. 324-35/R.O.II, dated 6th April 1935 stating that the discharge of the Mysore Railway Debenture loan on 1st April 1936 has been notified and that a further communication will follow regarding the financial questions involved I am to request you to be so good as to kindly ascertain and intimate as early as possible the details of the arrangements proposed to be made in connection with the discharge of the loan.

I have the honor to be,
Sir,
Your most obedient servant,

Financial Secretary to Government.

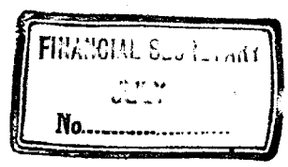
TRM.2

Pol 78

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

G.7.146-34-11

No. F.324-35
R.O.II



FROM

Major C. G. N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 12th July *1935.*

Subject.

REPAYMENT OF THE MYSORE RAILWAY DEBENTURE LOAN.

SIR,

With reference to the correspondence ending with your letter No. Pol.1308, dated the 7th June 1935, I am directed to forward a copy of a letter from the India Office, No.F.2078/35, dated the 28th May 1935, with a copy of its enclosure, and to request that the views of the Mysore Government on the various suggestions made in the letter may kindly be furnished to this Residency for communication to the Government of India.

2. I am to add that the Government of India would also like to know what method the Mysore Government propose to adopt for remitting in cash to the Secretary of State by 1st April 1936 the balance referred to in the last paragraph of the India Office letter.

I have the honour to be,

Sir,

Your most obedient servant,

SECRETARY TO THE RESIDENT.

BJ

INDIA OFFICE
WHITEHALL,
LONDON, S.W.1.
28th May 1935.

No.F.2078/35.

REPAYMENT OF THE MYSORE RAILWAY DEBENTURE LOAN.

Sir,

In continuation of the correspondence ending with the Secretary of State's telegram of 25th March last, No.983, on the above subject, I am directed to transmit a copy of the notice of the repayment of the Madras and Southern Mahratta Railway 4% Debenture Stock, 1936, which was published in the "London Gazette" of 29th March 1935.

Before the 1st April, 1936, the date on which the stock will be redeemed, it will be necessary to agree with the Government of Mysore the means of providing the funds for financing the redemption.

In what follows it has been assumed that the Mysore Government are prepared to carry out the exchange of securities mentioned in paragraph 4 of their letter of 5th/6th October 1934, No. Pol./384/GF/146-34.

Out of the £1,200,000 stock outstanding, the Secretary of State holds £24,372 in the sterling portion of the Mysore Debenture Stock Sinking Fund; it appears also that the Mysore Government hold £365,619 of the stock. These two amounts are available for cancellation, thus leaving a balance of £810,009 to be provided.

The remaining holdings in the Sterling Branch of the Sinking Fund consist of £31,300 Bombay Improvement Trust Debentures, maturing 1969/70, and £60,907 Madras and Southern Mahratta Railway Debenture Stock, 1938. It is gathered that the Mysore Government desire that the first mentioned securities should be returned to them, and it is proposed that they should be handed over to their London agents on the 1st April, 1936, or as soon after as possible. The second security is available for sale to provide part of the funds required. I am, however, to point out that at present it earns interest at 4%. In view of the low yields in the London market at the present time, it would not be profitable to the Darbar that the stock should be sold prematurely and the proceeds invested in short dated securities. It is therefore proposed, subject to the

Mysore

Mysore Government's agreement, that the Stock should be held as long as possible and that it should be left to the Secretary of State to sell it at what appears to him, after consultation with his Brokers, to be the appropriate time.

It appears from paragraph 4 of the Chief Secretary's letter of 5th/6th October, 1934, referred to above, that the Mysore Government hold £131,402 of the 1938 Debenture Stock. This holding might be disposed of in the manner suggested above for the 1938 stock held by the Secretary of State. It is understood from the correspondence that it is the definite wish of the Mysore Government that their holding of this stock should be sold. It is, however, obviously desirable, in the interests of Mysore, that there shall be no competition in the sale of the two holdings between the Secretary of State's brokers and the agents of the Mysore Government, and I am therefore to suggest, for the consideration of that Government, that it would be best if the sale could be left entirely in the hands of the Secretary of State, who would have full discretion as to the timing and 'spread' of the sales, which would in that case be made through his brokers. If the Mysore Government are agreeable, they might either instruct their London agents accordingly, or perhaps preferably, they might transfer their holding of 1938 Debenture Stock to the Secretary of State forthwith in exchange for its equivalent in rupee securities from the Sinking Fund.

Assuming that it will be possible to sell the 1938 Stock at a net average of par, the balance required to finance the repayment will amount to (£810,009 -£192,309) £617,700 - the actual amount required will, of course, not be ascertainable until the sales have been completed. This amount, which will have to be remitted in cash to the Secretary of State by 1st April, 1936, will no doubt be provided in part from the cash resources of the Mysore Government in London and in part from the holdings in the Rupee portion of the Mysore Debenture Stock Sinking Fund held by the Government of India. The Secretary of State leaves it to the Government of India to arrange, in concert with the Mysore Government, the method by which

this

this sum shall be found, but would be glad to be informed, as soon as possible, what arrangement has been agreed to.

I am, Sir,
Your obedient servant,

Sd. G.H.Baxter.

The Secretary to the Government of India,
Foreign and Political Department.

---:O:---

INDIA OFFICE,
S.W.1.
27th March 1935.

MADRAS AND SOUTHERN MAHRATTA RAILWAY 4% DEBENTURE STOCK, 1936.

The Secretary of State for India in Council, in accordance with the terms under which the 4% Debenture Stock, not redeemable before 1st March 1936, in the Madras and Southern Mahratta Railway Company, Ltd. (formerly the Southern Mahratta Railway Co., Ltd.) was issued, hereby gives notice that it is the intention to redeem the Debenture Stock outstanding, at par, on the 1st April 1936. As from the 1st April 1936 interest on the Debenture Stock will cease to be payable.

Repayment will be made by the Madras and Southern Mahratta Railway Company, Limited, 25 Buckingham Palace Rd., S.W.1. by whom information as to the procedure to be followed will be issued in due course.

C. KISCH,
Assistant Under Secretary of State.

---:O:---
"C O P Y"

SUPERINTENDENT, RESIDENT'S OFFICE.

BJ

FINANCIAL BRANCH
27 JULY 1935
439
GENL. & REV. SECTT.

5795/21

FINANCIAL BRANCH
27 JULY
No.

U.O.No.165/Books. Encl. one. Dated 26th July 1935.

In continuation of this office U.O.Note No. 1924/Books dated 8th June 1935, I enclose herewith for the information of Government, copy of letter No.W.3217 dated the 23rd July 1935 received from the Agent, The Madras & Southern Mahratta Railway Company, Limited, Madras, stating that no instructions have yet been issued by the Company in connection with the repayment of the M.&.S.M.Railway 4% Debenture Stock, 1936, and that copies of the instructions, when issued, will be forwarded to this office.

Comptroller.

To

The Financial Secretary
to Government with compliments.

Letter No.W.3217 dated 23rd July 1935 ~~received~~ from the Agent, The Madras & Southern Mahratta Railway Company, Limited, Madras to the Comptroller to Government, Bangalore.

Repayment of Mysore Debenture Stock.

With reference to your No.1911/Books of 6th June 1935, I have the honour to inform you that no instructions have yet been issued by this Administration in connection with the redemption of the above stock.

Copies of the instructions, when issued, will be forwarded to you.

"Copy

D. Venkataramiah
26.7.35

For Comptroller.

G.7146-34-12

Pol. 189 & 9-8-1935

To

The Secretary to the Hon'ble the
Resident in Mysore,
Bangalore.

Repayment of the Mysore Railway Debenture Loan.

Sir,

With reference to your letter No. F 324-35 R O II dated 12th July 1935 on the above subject, I am directed to state that the 4% M & S M Railway stock of the value of £ 1,31,402, held by Messrs. Coutts & Co London on behalf of the Mysore Government, have since been sold and the proceeds ~~held~~ kept as Fixed Deposits with Messrs Coutts & Co till 31st March 1936. The following ~~arrangements~~ arrangements have been or are proposed to be made by the Mysore Government in regard to the repayment of the above loan:--

(1) As stated in the letter of the India Office, London, dated 28th May 1935 out of the £ 1,200,00 stock outstanding, ~~the~~ stock to the extent of £ 389,991 held by the Secretary of State and by the Mysore Government will be cancelled, leaving a balance of £ 810,009 to be provided.

(2) The proceeds of the 1938 stock held by Messrs Coutts & Co and ~~other~~ the surplus cash held by the Mysore Government so far as Fixed Deposits with Messrs Coutts & Co amount to £ 2,98,000 and these will be available on 31st March 1936.

(3) The balance of £ 512,009 will be remitted to Messrs Coutts & Co, London, as early as possible, by selling the Government of India Rupee securities held by the Mysore Government to the extent which may be found necessary, with the assistance of the Reserve Bank of India.

2. Under this arrangement, I am to add that, there will be no need to sell either the Sterling securities held by the Secretary of State or the Rupee Securities held by the Controller of Currencey, and ~~the Mysore Government requests that~~ to request that these Securities may kindly be arranged to be transferred ~~them~~ to the Mysore Govt soon after the equivalent sterling is placed at the disposal of the Secretary of State.

3. The Mysore Government trusts that the arrangements suggested above will be considered satisfactory.

I have etc.,

6.8.35

Financial Secretary

F 1398 9/9/8

Copy to Controller with compliments

6-8-35

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. Fol 189 — Dated, Bangalore, 8th August 1935.

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Secretary to the Hon'ble the Resident in Mysore,
Bangalore.

REPAYMENT OF THE MYSORE RAILWAY DEBENTURE LOAN.

Sir,

With reference to your letter No.F.324-35/II dated 12th July 1935, on the above subject, I am directed to state that the 4% Madras and Southern Maharahtta Railway stock of the value of £.1,31,402/- held by Messrs. Coutts & Co., London on behalf of the Mysore Government, have since been sold and the proceeds kept as Fixed Deposits with Messrs. Coutts & Co., till 31st March 1936. The following arrangements have been or are proposed to be made by the Mysore Government in regard to the repayment of the above loan :-

(1) As stated in the letter of the India Office, London, dated 28th May 1935 out of the £. 1,200,000/- stock outstanding, stock to the extent of £.389,991 held by the Secretary of State and by the Mysore Government will be cancelled, leaving a balance of £.810,009 to be provided.

(2) The proceeds of the 1938 stock held by Messrs. Coutts & Co., and the surplus cash held by the Mysore Governmen

so

so far as Fixed Deposits with Messrs. Coutts & Co., amount to about £.2,98,000/- and these will be available on 31st March 1936.

(3) The balance of about £.512,009/- will be remitted to Messrs. Coutts & Co., London, as early as possible, by selling the Government of India Rupee securities held by the Mysore Government to the extent which may be found necessary, with the assistance of the Reserve Bank of India.

2. Under this arrangement, I am to add that there will be no need to sell either the Sterling securities held by the Secretary of State or the Rupee Securities held by the Controller of Currency, and to request that these Securities may kindly be arranged to be transferr to the Mysore Government, soon after the equivalent - - sterling is placed at the disposal of the Secretary of State.

3. The Mysore Government trust that the arrangements suggested above will be considered satisfactory.

I have the honour to be,
Sir,
Your most obedient servant,

Sd/- A.N. Raghava Char,
Financial Secretary to Government

3. Memo No. Dated, 8th August 1935

Copy of the above, is forwarded, with compliment to the Comptroller to Government.

By Order,

For Financial Secretary to Government

16

No.389/Books dated 20th September 1935

Resource Estimate for the months of September and October 1935

The balances at the end of the current and the next two months, including amounts invested in Fixed Deposits (but excluding amounts fixed with Messrs. Coutts & Co., for the repayment of the 4% M.& S.M. Railway Sterling Loan), are estimated to stand as under -

At the end of	In Lakhs of rupees
September 1935	67.45
October "	51.91
November "	49.41

2. Out of the balance with Messrs. Coutts & Co., on the 1st instant, viz., £ 47,031, a sum of £ 15,000 was fixed with them as a deposit till 30th March 1936. The net receipt of Rs 6.07 lakhs during September 1935 and the net outgo of Rs 9.55 lakhs during October 1935 are made up as under

	September 1935	October 1935
(i) Government of India Treasury Bills realised and to be realised	+ 11,20	
(ii) Government of India 6½% Treasury bonds for Rs 6,05,000 and 5% 1935 Bonds for Rs 10,81,600 realised on 14-9-35	+ 16,87	
(iii) Fixed Deposit kept with Messrs. Coutts & Co., till 30-3-1936 £ 45,000 (£ 15,000 being the surplus balance with them and £ 30,000 remitted from here)	-6,00	
(iv) Fixed Deposit that is being arranged to be kept with Messrs. Coutts & Co. till 30-3-36	-16,00	
(v) Amount to be kept with Messrs. Coutts & Co., as a Fixed Deposit till 30-3-36		-11,55 (a)
(vi) Fixed Deposit with the Central Bank of India, Ltd., Bombay due on 29th October 1935		+ 200
Total Rs	+ 6,07	-9,55

(a) Being the balance amount to be invested out of Treasury Bills, ~~and~~ 5% 1935 securities and 6½% Treasury bonds realised this month.

3. The estimate for September 1935 includes a provision of Rs 5 lakhs towards payment on account of (1) cash credit to the Mysore Sugar Company Ltd., (Rs 2 lakhs already arranged) and (2) the loan that may be drawn by the Bangalore City Municipality (Rs 3 lakhs) as per intimation given by the Municipal Commissioner.. A sum of Rs 6 lakhs has been sanctioned to the Sri Krishna rajendra Mills Ltd., towards additional working advance (upto a limit of Rs 2 lakhs) and towards further loan (not exceeding Rs 4 lakhs) for the installation of the looms and the construction of the Weaving Shed. In the absence of information as to when this amount would be actually required by the Mills, nothing has been provided for ~~in~~ on this account in the Estimates for September to November 1935. The Mills are being addressed in the matter. The amounts due from the Mining Companies on account of Income and Super Tax are expected to be received during November 1935 and December 1935 ~~km km~~ respectively according to the Departmental estimates. A sum of Rs 3½ lakhs which was taken in the Revised towards contribution from the Government of India on account of Excise duty on Matches has not been realised so far. What amount will be received is not known. A sum of Rs 3 lakhs is roughly taken into account in framing the estimates for November 1935. The estimate for November 1935 provides also for the investment of the Fixed Deposit of Rs 2 lakhs with the Central Bank of India Ltd., Bombay, to be realised on 29th October 1935, with Messrs. Coutts & Co., as a deposit till 30-3-1936.

4. With the transfer of the amount of Government of India Treasury Bills and of the Fixed Deposit with the Central Bank of India Ltd., Bombay, to London - both amounting to Rs 16.75 lakhs, the money that will remain over in India will, as already stated in my U.O.Note No.317/Books dated 3-9-35, not be enough to meet our requirements here. I have therefore to-day written to the Imperial Bank of India, Bangalore, intimating them that an overdraft to an extent of about Rs 25 lakhs may be required from now till ~~amount~~ about the middle of April 1936 and asking them to quote special rate of interest, in view of the present easy money conditions. As soon as the overdraft question is settled, I shall take steps to remit Rs 11.55 lakhs to London and to fix it up with Messrs. Coutts & Co., as a deposit till 30th March 1936.

Re. Sales of 4% 1960-70 Securities

Rs 5 lakhs of this paper have been sold at rates varying from Rs 105-8-0 to Rs 105-12-0 per cent. The order for the sale of the remaining 5 lakhs has not been executed by our Calcutta and Bombay brokers. The brokers state in their telegrams dated the 18th and the 19th September 1935 that the paper is quoting Rs 105-2-0 and Rs 105-4-0 per cent. As the rates show a tendency to go down, I am arranging for the sale of this lot at the best price obtainable.

Comptroller

To

The Financial Secretary
to Government with compliments.

CV

MK

FINANCIAL SECRETARY
OCT. 1935
No.

U.O.No.427/Books dated 1st October 1935.

FINANCIAL BRANCH
-3 OCT. 1935
GENL. & REV. SECTT.

In continuation of my U.O.Note No.389/Books dated 20th September 1935, forwarding the Resource Estimate for the months of September and October 1935, I think it necessary to acquaint Government about the present cash position, with reference to the Treasury resources and the treasury demands till the end of June 1936 and also, in relation to the arrangements that are necessary for the discharge of the 4% M.& S.M. Railway Debenture loan on 1st April 1936.

2. The cash balance at end of November 1935 as worked out in the Resource Estimate is expected to stand at about Ps 46½ lakhs. On a rough calculation, it is found that the net outgoings from December 1935 to about the last week of February 1936 i.e., till the receipt of Revenue collections in our treasuries might amount to about Ps 19½ lakhs. Since we should have a minimum balance of atleast Ps 50 lakhs in our Treasuries and Banks as noted in the margin the deficienc which requires to be met by Bank overdraft amounts t lakhs. If, during this period, the additional working advance upto a limit of Ps 2 lakhs and the further loan not exceeding Ps 4 lakhs sanctioned to

Treasuries ...	35 lakhs		
Mysore Bank ...	10 "	(a) Constant minimum	5 lakhs
Imperial Bank of India, Bombay	2 "	(b) Amount to be kept with them for 18 months from 15th Oct.1934 towards subscriptions received under the instalment scheme for 3½% 1951-58 Mysore State Loan	2½ "
Messrs.Coutts & Co. including balance with Berlin Bank.	3 "	(c) Current transactions.	2½ "
	50 lakhs		10 lakhs

to Sri Krishnarajendra Mills, as also the first instalment of Rs one lakh, out of the loan of 3 lakhs sanctioned to the Local Education Authority, Bangalore City Municipal Council for the construction of Primary School Buildings, require to be paid, the overdraft figure will get increased correspondingly.

3. The Imperial Bank of India, Bangalore, was accordingly written to intimating that an overdraft to an extent of about Rs. 25 lakhs might be required till about the middle of April 1936. The Bank has since replied that it can allow the required overdraft at the Imperial Bank of India Advance rate (now 3½ percent) with a minimum of 3½ percent. It is very necessary that we should limit the overdraft to as low a figure as possible, and in any case, to what we can adjust before the close of the year i.e., to about Rs 20 lakhs. We have a standing arrangement with the Imperial Bank of India, Bangalore, under which, we can overdraw our account to an extent of about Rs 8½ lakhs at present. I propose to make use of this arrangement to begin with and to increase the limit according to our actual needs. In the meantime, the sum of Rs 14.75 lakhs which has been taken into account for remittance to London (Rs 9.20 lakhs already remitted) to be kept as a deposit with Messrs.Coutts & Co., for the discharge of the 4% M.& S.M.Railway Debenture Loan (Vide orders of Government on this office U.O.Note No.317/Books dated 3-9-1935) has to be recouped, so that the overdraft figure may not go very high. The necessity

This is necessary
6/10

for

for this overdraft has arisen partly on account of this remittance and partly as a result of the additional items of expenditure sanctioned by Government on account of Iron Works, Sri Krishnarajendra Mills, loan to Local Education Authority, Bangalore City Municipal Council for construction of Primary School Buildings etc. Even after recoupment of the sum of Rs 14.75 lakhs referred to above by sale of Securities and even without providing for the usual investment during 1935-36 of Rs 18.78 lakhs on account of the Loan Sinking Fund Investment account, the balance at end of the year is estimated to stand at about Rs 90 lakhs (with no Fixed Deposits or Treasury Bills) against Rs 118.17 lakhs at end of June 1934 (Rs 101.42 lakhs cash plus Rs 16.75 lakhs in Treasury Bills and Fixed Deposits, excluding £ 70,000/- fixed with Messrs. Coutts & Co). It is therefore clear that there is no margin whatever for sanctioning any additional items of expenditure and I would request Government that proposals, if any, in this behalf might be put off till the resources can be found for meeting them.

This may be approved.
6/10.

Arrangement for the discharge of the Sterling Loan 1936

4. In my U.O.Note No.51/Books dated 10-7-1935, it was estimated that Rs 42 lakhs of 3½% paper should be sold in order to find the deficiency of Rs 39½ lakhs (£ 296,200) referred to in that Note. In that calculation it had been assumed that the sum of £ 60,907/- or 4% M.& S.M. Railway 1938 Stock held by the Secretary of State should also be arranged to be sold. As it is

since

since decided that this Stock need not be sold, additional cash to an extent of about ps 8 lakhs will have to be found. So, the total sales to be effected thus aggregate about ps 47½ lakhs. As against this, we have so far sold securities of the value of about ps 14½ lakhs as noted below -

Securities sold	Quantity sold.	Rate at which sold.	Amount realised (in lakhs)
3½ percent paper	Rs 2 lakhs	ps 95-3-0 for 1¾ lakhs and ps 95-4-0 for ¼ lakh	Rs 1.90
4% 1960-70	2¾ "	105-11-0	5.29
	2 "	105-12-0	
	¼ "	105-8-0	
	3 "	105-4-0	3.16
5% 1939-44	2 "	108-5-0	2.17
5½% 1938-40	2 "	108-7-0	2.17
Total	Rs 14 lakhs		Rs 14.69

Taking into account ps 2 lakhs of 1960-70 for the sale of which orders have already been placed but remain unexecuted, sales so as to realise ps 31 lakhs will have to be still effected. As the rate of 3½ percent paper did not recover, the question arose as to which of our holdings could be sold. I annex herewith a statement showing the prices and the redemption yields in respect of the several Government of India Securities on 21-9-35 as compared with ~~that~~ those on 21-7-1935 i.e., about 2 months ago.

5. It will be seen that the yields in 1938-40 and 1939-44 Securities are the lowest and that the prices also remain more or less the same. I have therefore

therefore, in consultation with the Financial Secretary, arranged for the sale of the above two kinds of Securities in lots of 2 lakhs at a time and I request that this may kindly be approved. As noted above, 2 lakhs of 1938-40 and 2 lakhs of 1939-44 Securities have already been sold and an order for the sale of another 2 lakhs of either kind of paper has been placed with the Imperial Bank of India, Bombay. Further sales will be effected as soon as the orders now pending are completed. It is also a matter for consideration whether the 3½% 1947-50 Securities which is now quoted at about Rs 103 percent (average ~~con~~ price is Rs 97-12-0), of which we have a large block of about Rs 60½ lakhs may not also be released to some extent and converted into cash. The redemption yield in the case of this paper is no doubt ~~shortly~~ slightly better, but it would be desirable not to deplete the stock of 5½% 1938-40 or 5% 1939-44 securities to a large extent. If approved, I shall arrange to effect the sales of this paper also for about 20 lakhs limiting the further sales in 5½% 1938-40 or 5% 1939-44 Securities to Rs 9 lakhs.

May be approved. These are steady and give comparatively better prices now than 3½% before
Sd/
6/10.

For the present he may sell them in the following order of preference
8 Lakhs - 3½% 47-50 (in lots of 2 lakhs at a time).
2 Lakhs - 5% 39-44
To Lakhs
He may then submit a further report
Sd/
6/10

6. The position may be summarised as below -

(1) 1936 Stock held by us	£ 389,991
(2) Fixed Deposits kept so far with Messrs. Coutts & Co., till 30-3-1936	477,900
(3) Amount that will be remitted now as stated in para 4 of my U.O. Note No.389/Books dated 20-9-35 (11.55 lakhs)	87,000 Of this £ 45,000 remitted on 30-9-35.
Cr.	£.954,891

B.F. 954.941

(4) Amount of Fixed deposit of Rs 2 lakhs due in Oct. 1935 and proposed for transfer to London. £ 15,000

(5) 4% 1960-70, 5½% 1938-40 and 5% 1939-44 (12 lakhs in ~~law~~ all) Securities since sold as stated above to be remitted to London 96,000

(6) By further sale of Securities 134,109 @

Total £ 1,200,000 ✓

@ This represents roughly the sale proceeds of about 17 lakhs of Securities out of the 33 lakhs to be realised by the proposed sale. The balance of 16 lakhs will go to re-imburse the amount coming temporarily from the Treasury Cash balance. Out of this £ 134,109, it may not be necessary to remit about £ 110,000 to London as a surplus of about £ 40,000 is expected to accrue with Messrs. Coutts & Co. provided ~~that~~ there ~~is~~ are no heavy payments and if the Kolar Gold Field Mining Companies can be induced to pay us in March 1936 the Royalty on Dividends generally paid in April (about £ 70,000 as in last year).

We may request them as a special case to do this 6/10

A. Raghavachar

Comptroller

To
The Financial Secretary
to Government.
(with compliments)

CV

P.S. - Intimation has since been received from the Imperial Bank of India, Bombay reporting the sale of 5½% 1938-40 securities for Rs.2 lakhs at Rs.108-7-0% less 1/16% brokerage.

2.10.35

Statement showing the current market rates and redemption yields in respect of certain Government of India Securities, as compared with those that prevailed two months back and also showing the nominal value of securities held by us with their book cost, etc.

No.	Loan.	Bombay dated 21-9-1935. Rate.	Redemption yield.	Bombay dated 23-7-1935. Rate.	Redemption yield.	Fall or rise in price during the two months.	Face value of securities held by us (on 1-7-1935).	Book Cost.	Average book cost per cent.	Highest price paid.	Remarks.
1.	3½% Paper.	88-8-0.	3.955	94-10-0.	3700.	-6-2-0.	11566000.	9609442.	83-1-0.	89-4-0.	Rs. 2 lakhs since sold.
2.	3½% 1947-50.	102-15-0	3.191	102- 9-0.	3.241.	+ 0-6-0	6047900	5911929	97-12-0.	98-8-0	
3.	4% 1960-70.	105- 4-0.	3.677	107- 0-0	3.574	-1-12-0	6251600	5842253	93- 7-0.	98-4-0.	Rs. 8 lakhs since sold.
4.	4½% 1955-60.	114- 0-0.	3.519	113-10-0	3.539	+ 0- 6-0	1570100	1524867	97- 2-0	106-7-0	
5.	5% 1940-43.	109-0-0	3.046	109-12-0.	2.892	-0-12-0	3351100	3285378	98- 1-0	98-13-0	
6.	5% 1939-44.	108-0-0	2.869.	108- 9-0.	2.726.	-0- 9-0	9521900	9177396.	96- 6-0.	108- 9-0.	Rs. 2 lakhs since sold.
7.	5½% 1938-40.	108- 6-0.	2.581.	108- 6-0.	2.581.	- - -	7191500.	7173923.	99-12-0.	109- 8-0.	Rs. 2 lakhs since sold.

Comptroller.

Confidential.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE,

BUDGET AND RESOURCE.

Dated Bangalore, the.....193 .

No._____
Books

RESOURCE ESTIMATE.

FOR THE MONTHS OF...September and October 1935

GENERAL ACCOUNT.

	Current month September	Next month October	Third month November
Opening Balance ...	72.32	62.58	49.04
Receipts—			
Revenue including Capital receipts not credited to Revenue (Sec. A.)	16.43	21.61	32.50
Debt Heads (Sec. C)	- - -	- - -	- - -
Total ...	88.75	84.19	81.54
Out-goings—			
Expenditure (Sec. B.)	24.30	27.50	30.00
Debt Heads (Sec. C.)	1.87	7.65	5.00
Total ...	26.17	35.15	35.00
Closing Balance ...	62.58	49.04	46.54
Short term deposits & Treasury Bills at end of the month	4.87 (a)	2.87 (a)	2.87 (a)
Closing Balance at end of the month during the previous year—			
Cash	57.85	97.78	83.80
Short term deposits & Treasury Bills	9.98	24.92	25.67

(a) Excludes Rs 2,00,000 Treasury Bills amounts placed with Kolar Gold Mines Ltd. till 30.3.1936 for having obliged for the repayment of Rs 4 l. M & S.M. Railway Sterling Stock. These deposits stand as under -

GENERAL REVIEW

Revenue.

At the end of	Aggregate deposits ₹
September 35	478.000 ✓
October 35	564.625 ✓
November 35	579.625 ✓

CURRENT AND NEXT MONTHS.

A. REVENUE.	Actuals, last year		Budget portion		Latest estimates, current year		Remarks
Principal Heads of Revenue—	Current month September 1934	Next month October 1934	Current month September	Next month October	Current month September 1935	Next month October 1935	
Land Revenue ...	1.19	1.64	25	35	1.20	1.70	
Forest—(a) Sandal oil ...	.70	.87			.70	.80	
(b) Other Revenue ...	.83	.96			80	90	
Excise	3.13	4.59			3.00	4.50	
Income-tax	.69	8.85[a]			.50	.50	(a) Bank Mining Company remitted in this month. The Commissioner has taken out for November and December
Stamps	1.40	1.23			1.50	1.30	
Registration	.20	.17			20	17	
Surplus Revenue of Assigned Tract ...	--	--			--	--	
Mining Revenue	1.22	1.74			1.20	1.74	
Interest	2.66	3.09			2.15	4.20	
K. R. S. Hydro-Electric and Irrigation works (Net) ...	3.76	3.76			3.80	3.80	
Railways (Net) ...	.55	.89			.38	1.50	
Other Revenue	.59	1.53			1.00	1.50	
Total Revenue ...	16.92	29.32			16.43	21.61	
Capital receipts not credited to Revenue	2	28			--	--	
B. EXPENDITURE.							
Palace	1.50	2.50			1.50	2.00	
Interest on Debt and other obligations ...	.84	2.97			.80	3.50	
Public Works	2.73	2.45			2.50	2.50	
Subsidy	--	--			--	--	
Capital	1.65	7.87			2.50	2.50	
Other Expenditure	16.48	17.56			17.50	18.50	
Total Expenditure ...	23.20	32.85			24.30	27.50	
C. DEBT HEADS—(Net transactions).							
Investment Account	+70	-15.94			+6.07	-9.55	
Debt	--	+46.50			--	--	
Unfunded Debt	+64	+1.51			+1.50	+1.50	
Reserve Funds	+4	-62			+31	+20	
Local and other Funds	-1.75	-1.84			-1.75	-1.80	
Deposits, Advances and Loans, etc. ...	-2.39	+2.30			-7.50*	-2.00	* Includes Rs 3.00 lakhs Bangalore City Municipality
Remittances	+16	+11.76					+ 2.00 lakhs Sugar Cess Refunds
Total Debt Heads (Net) ...	-2.60	+43.17			-1.[illegible]	-1.[illegible]	

WD 1731—GPB—100—10-5-35

3 Drafts

Draft. Pol. 514 & 9-11-35

C.7.146-34-13

To

The Secretary to the Hon'ble
the Resident in Mysore, Bangalore.

Sir,

Re: Repayment of the Mysore Railway Debenture Loan.

In continuation of this office letter No. Pol. 169 dated 8/9th August 1935 on the above subject, I am directed to state that, against a sum of £610,009 to be provided in cash for the discharge of the loan, a sum of £ 723,900 is now accumulated as a fixed deposit with Messrs Coutts & Co., London, till 30th March 1936 and will be available for the repayment of the loan. Messrs Coutts & Co., have been instructed to ~~hold~~ place these deposits aggregating to £ 723,900 referred to above, at the disposal of the Secretary of State for India and, to intimate to him pay him the same on the due date accordingly. On receipt of this intimation, I am to request that the following Sterling and Rupee securities of a corresponding value, held in the Sinking Fund formed for the redemption of this loan, may kindly be arranged to be returned to the Government of Mysore.

Sterling Securities.

4% M. & S.M. Stock 1936	£ 60,907
4% Bombay Improvement Trust Debenture	£ 31,300
Total	£ 92,207

Rupee Securities.

3½%	1065	Rs	100,23,400

3½%	1942-43	17,500
3½%	1900-01	4,16,300
	Total	112,57,200

2. The following Rupee securities left over may be returned after the balance of £ 86,109 is made available:-

which will be done shortly.

		Rs
3%	1896-97	10,66,100
4%	1960-70	1,00,000
4%	Madras Municipal Debentures of 1913.	1,45,000
4%	-do- 1914	1,41,000
4%	-do- 1895	14,000
		14,66,100

3 The Sterling securities may be made over to Messrs Coutts & Co. London, for being held on behalf of the Mysore Government and the Rupee Securities to the Comptroller to the Mysore Government. Even though the transfer of Rupee Securities may take some time, I am to request that the transfer of the Sterling Securities may be arranged for as early as possible as it will facilitate the accumulation in London of the balance required to repay the Sterling loan.

4. I am to request that the matter may be kindly treated by as urgent and early action taken as indicated above.
~~as desired by the Mysore Government.~~

I have the honor to be,
Sir,
Your most obedient servant,

Financial Secretary.

M 9
6-11-35

3838 7 13/11

M
5-11-35

To the Comptroller

3 Drafts

Draft.

G.7·146-34-14

3682

7 14/11/35

To

Messrs Coutts & Co.,

Bankers, 440, Strand,

LONDON, W.C. 2.

Gentlemen,

I have the honour to request you to kindly hold at the disposal of the Secretary of State for India and to pay him on the due date, the Fixed Deposits aggregating £723,900 now held by you and due on 30th March 1936 and which are intended to meet the payments to be made for the discharge of the Sterling 4% M. & S. M. Railway Debenture (1936) Stock on 1st April 1936. The interest due on these deposits may be kindly credited to the Royalty Account with you on the due date.

The Secretary of State is being separately requested to transfer to your custody on our behalf, the marginally noted sterling securities now held by him. I am to request that you will be so good as to receive the above securities when ~~when~~ delivered to you & to hold them on our behalf, under advice to me.

4% M.& S.M.Ry Stock 1936	£ 60,907
4% Bombay Improvement Trust Debenture	£ 31,300
	£ 92,207

~~I have the honour to be~~,

~~Gentlemen~~,

~~Your most obedient servant~~,

Yours faithfully

Dewan of Mysore.

5/11.

5-11-35

3835

To The Govt of Ind

No. FC. 3682

PUBLIC OFFICES,

Bangalore, 9th November *1935.*

FROM

AMIN-UL-MULK
SIR MIRZA M. ISMAIL, Kt., C.I.E., O.B.E.,
DEWAN OF MYSORE.

To

Messrs. Coutts & Co.,
Bankers, 440, Strand,
LONDON, W.C.2.

Gentlemen,

I have the honour to request you to kindly hold at the disposal of the Secretary of State for India and to pay him on the due date, the Fixed Deposits aggregating £723,900 now held by you and due on 30th March 1936 and which are intended to meet the payments to be made for the discharge of the 4% Madras and Southern Maharatta Railway Sterling Debenture (1936) Stock on 1st April 1936. The interest due on these deposits may be kindly credited to the Royalty Account with you on the due date.

The Secretary of State is being separately requested to transfer to your custody on our behalf, the marginally noted Sterling securities now held by him.

4% Madras and Southern Maharatta Railway Stock 1938	£60,907
4% Bombay Improvement Trust Debenture	£31,300
	£92,207

I am to request that you will be so good as to receive the above securities when delivered to you and to hold them on our behalf, under advice to me.

I have the honour to be,
Gentlemen,
Your most obedient servant,

MJ

DEWAN OF MYSORE.

3 Drafts

Draft.

C. 7. 146-34-15

To

3796.

12/11/35

Messrs John Taylor & Sons,

6, Queen Street, Place,

London, E.C. 4.

Gentlemen,

I am directed to state that the Mysore Government have to repay their Railway Sterling Loan of £ 1,200,000 on the 1st April 1936 and it is therefore necessary for them to accumulate necessary cash in London for the purpose by that date. It is seen that the Royalty on the final dividends declared by the Mining Companies for the year 1934 and the Power Bills for the month of February 1935 have been paid during the current year to the credit of our account with Messrs Coutts and Co., on the dates noted in the margin. It would be a great convenience and the Mysore Government would be ~~thankful~~ grateful if the Mining Companies could kindly pay, as a special case on this occasion, the amount of supplemental royalty due on dividends for the year 1935 or as large a portion ~~thereof~~ of it as is possible and also the power bills for February 1936 before 1st April 1936 so that they ~~may~~ might be available for the repayment of the loan on 1st April 1936.

Royalty. 17th March 1935

Mysore Mine ~~17/4/35~~
Champion Reef Mine 18/4/35
Nandydroog Mine 9/4/35
Oorgaum Mine 23/4/35

Cost of power. 4th March

Mysore Mine 11-4-35
~~Oorgaum Mine~~ 17-4-35
Nandydroog Mine 17-4-35
~~Kolar Mine 18-4-35~~
Champion Reef Mine 13-4-35

I have the honour to be,
Gentlemen,
Your most obedient servant,

Financial Secretary
to Government.

5-11-35

3797 To the Comptr

G.A. 146-34-46 Vol 715

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. F.324-35
R.O. II

FINANCIAL SECRETARY
27 NOV. 1935
No.....

FROM

Major C. G. N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

FINANCIAL
28 NOV. 1935
2218
GENL. & REV. SECTT.

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 27th Novr. *1935.*

Subject.

REPAYMENT OF THE MYSORE RAILWAY DEBENTURE LOAN

SIR,

With reference to your letter No. Pol.189/G.F., dated the August 1935, I am directed to say that the Secretary of State for India in Council concurs in the arrangements suggested by the Government of Mysore for financing the repayment of the £1,200,000 Madras and Southern Mahratta 4 per cent Debenture Loan due on the 1st April next.

2. I am to request that an intimation may kindly be sent to this Residency when instructions have been issued by the Mysore Government to Messrs. Coutts and Company with a view to the cancellation of the £365,619 four per cent. Debenture Stock, 1936, held by the Government of Mysore, in order that the necessary measures may be taken as regards the £24,372 of the Stock held in the name of the Secretary of State.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY TO THE RESIDENT.

VERY URGENT. CONFIDENTIAL.

Pol 936.

All Communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. F.108-36.
R.O.II.

G.7 148-34-17

FINANCIAL SECRETARY
13 JAN.
No.

FROM

Major C. G. N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated, Bangalore, the 11th January *1936*.

Subject.

MYSORE DEBENTURE STOCK.

SIR,

I am directed to refer to the correspondence ending with my letter No.F.324-35/R.O.II, dated the 27th November 1935, and to say that the Secretary of State for India has telegraphed to the Government of India to the following effect:-

The proposals of the Government of Mysore forwarded with their letter No.Pol.189/G.F., dated the 9th August 1935, and agreed to by the Secretary of State (vide letter from this Residency No.F.324-35/R.O.II., dated the 27th November 1935) contemplated that transfer of securities to Mysore Government would take place after equivalent sterling had been placed at the disposal of the Secretary of State. On the other hand, letter from the Government of Mysore No.Pol.514/G.F. dated the 9th November 1935, would seem to suggest that the sum of £.723,900 should not be transferred to the Secretary of State until 30th March 1936, whereas transfer of securities would take place earlier. Secretary of State also understands from Messrs. Coutts and Company that their present instructions from Mysore Government are to pay the above sum only on March 30th. This does not appear to the Secretary of State to be a very satisfactory arrangement; and he suggests for the consideration of the Government of Mysore two alternatives either

(a) for the Mysore Government to send revised instructions to Messrs.

Messrs. Coutts and Company to pay £ 723,900 to the Secretary of State at an early date, whereupon transfer of sterling securities could follow forthwith and of rupee securities as soon as practicable or

(b) for cash payment to be made on March 30th and securities to be transferred to Mysore Government as soon as possible thereafter; but Secretary of State points out that this would necessitate accumulation of further sterling balance of £ 86,109 by Government of Mysore.

The Secretary of State is taking no action pending the reply of the Mysore Government.

2. I am to request you to be so good as to say which of the two alternatives the Government of Mysore prefer; and I am to add that the Government of India have asked for a reply by telegram.

I have the honour to be,
Sir,
Your most obedient servant,

SECRETARY TO THE RESIDENT.

AR.

In reply please quote reference to No. 852/Books.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 4-5 January 193 6

FROM

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of His Highness the Maharaja of Mysore,
Bangalore.

To

Messrs. Coutts & Co.,
Bankers,
440, Strand, London. W.C.2.

Sir
Gentlemen,

4% M.&.S.M. Railway Debenture Stock 1936
for £365,619/-

I have the honour to request that the above stock held in your custody on behalf of the Government of Mysore may be kindly arranged to be delivered immediately to the Secretary of State for India, for cancellation along with the Stock of the nominal value of £24,372/- held in his custody.

2. I shall be writing to you separately in due course regarding the amount that will have to be paid to him on the 31st March 1936, in addition to the sum of £723,900/- referred to in the Dewan's letter No.F1.3682/G.F. dated the 9th/11th November 1935, for the repayment of the principal and also towards the interest for the last half year, in respect of the balance of Stock of the nominal value of £810,009/-

I have the honour to be
Gentlemen,
Your most obedient servant,

Sd. A.N.Raghavachar,
Comptroller.

KR) "Copy"

Comptroller

C.7148-24-18—Pol.754

8) 15/1/36

To

The Secretary to the Hon'ble the
Resident in Mysore, Bangalore.

Mysore Debenture Stock.

S i r,

With reference to your letter No.F.108-36 R.O.II dated 11th January 1936, regarding the transfer to the Mysore Government, of the Sterling and Rupee securities held in the Sinking fund formed for the discharge of the Mysore Railway Debenture stock, I am directed to state that the Government of Mysore fear apprehend that the difficulty felt by the Secretary of State, in regard to the immediate transfer of the above securities, is due to the Mysore Government not having clearly explained the arrangements proposed for adoption in connection with the discharge of the loan. The Government of Mysore now holds Fixed Deposits aggregating £.7,53,900 (including £.30,000 transferred to Fixed Deposits between 1-12-35 and 11-1-1936) with Messrs. Coutts & Co., repayable on 30th March 1936. These Fixed Deposits will be transferred to, and held under the disposal of, the Secretary of State immediately. But as they have been fixed up till 30-3-1936, he can receive the amount of the Fixed deposits from Messrs. Coutts & Co., on the date of maturity, viz., 30th March 1936. The transfer of these Fixed Deposits will not be postponed till 30-3-1936 but will be done immediately, and by doing so the Mysore Government consider that they should be regarded as having placed at the disposal of the Secretary of State, the corresponding amount now alone.

The Government of Mysore trust that the Secretary of State will consider this satisfactory, and will have no objection to the transfer of the Sterling and rupee securities as early as possible, as requested in this office letter No.Pol.514 dated 9th November 1935.

I have etc.,

Financial Secretary to Govt.

Pe 5655(1) 765-1/36

Copy of the above is forwarded, with Compliments, to the Comptroller to Govt. for information, with a copy of the Residency letter No.F 108-36 R.O.II dated 11th January 1936 referred to above.

13.1.36.

Financial Secretary to Govt.

12-1-36

bnl.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 15th January 193 6

No.

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Secretary to the Hon'ble the Resident in Mysore,
Bangalore.

Sir,

Subject:- Mysore Debenture Stock.

With reference to your letter No. F.108-36/R.O.II, dated 11th January 1936, regarding the transfer to the Mysore Government of the Sterling and Rupee securities held in the Sinking fund formed for the discharge of the Mysore Railway Debenture Stock, I am directed to state that the Government of Mysore fear that the difficulty felt by the Secretary of State, in regard to the immediate transfer of the above securities, is due to the Mysore Government not having clearly explained the arrangements proposed to be adopted in connection with the discharge of the loan.

The Government of Mysore now hold Fixed Deposits aggregating £.7,53,900 (including the £.30,000 transferred to Fixed Deposits between 1st December 1935 and 11th January 1936) with Messrs. Coutts & Co., repayable on 30th March 1936. These Fixed Deposits will be transferred to, and held at the disposal of, the Secretary of State immediately. But as they have been fixed up until the 30th March 1936, he can receive the amount of the Fixed Deposits from Messrs. Coutts & Co., only on the date of maturity, viz., 30th March 1936. The transfer of these Fixed Deposits will not be postponed until the 30th March 1936 but will be done immediately, and by doing so the Mysore Government consider that they should be regarded as having placed at the disposal of the Secretary of State, the corresponding amount now alone. The Government of Mysor

trust that the Secretary of State will consider this satisfactory and will have no objection to the transfer of the sterling and rupee securities as early as possible, as requested in this office letter No. Pol. 514, dated the 9th November 1935.

I have the honor to be,
Sir,
Your most obedient servant,

Sd/- S. Shamanna,
Financial Secretary to Government.

Memo No. H 5655(1) 9.5.1.36

Copy of the above is forwarded with compliments to the Comptroller to Government, for information with a copy of the Residency letter No. F.108-36/R.O.II, dated 11th January 1936 referred to above.

By Order,
M Shamanna
For Financial Secretary to Government.

TRM.3

Pol. 753 & one 15/1/36

To

C.F 148-34-19

The Secretary to the Hon'ble the
Resident in Mysore, Bangalore.

Re:- payment of the Mysore Railway Debenture Loan.

Sir,

With reference to your letter No.F. 324-35 R.O.II dated 27th November 1935, on the above subject, I am directed to forward herewith a copy of letter No.852 Books dated 4th January 1936 addressed to Messrs.Coutts & Co., London, requesting them to deliver immediately to the Secretary of State for India 4% M.& S. M. Railway Debenture Stock 1936 for £.3,65,619, for cancellation, along with the Stock of the nominal value of - £.24,372 held in his custody.

I have etc.,

Financial Secretary.

5656 of 15/1/36

Copy to Comptroller to Govt.

13.1.36.
Financial Secretary.

13-1-36

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. Rev 753 4-7

Dated, Bangalore, 15th January 193 6

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Secretary to the Hon'ble the Resident in Mysore, Bangalore.

Sir,

Subject:- ~~Regarding~~ Re-payment of the Mysore Railway Debenture Loan.

With reference to your letter No. F.324-35/R.O.II, dated 27th November 1935, on the above subject, I am directed to forward herewith a copy of letter No. 852/Books, dated 4th January 1936 addressed to Messrs. Coutts & Co., London, requesting them to deliver immediately to the Secretary of State for India £ Madras & Southern Maharatta Railway Debenture Stock 1936 for £.3,65,619 for cancellation, along with the Stock of the nominal value of £.24,372 held in his custody.

I have the honor to be,
Sir,
Your most obedient servant,

Sd/- S. Shamanna,
Financial Secretary to Government.

Memo No. 56 5-6 dt 15/1/36

Copy of the above is forwarded with compliments to the Comptroller to Government.

By Order,

mShamanna

For Financial Secretary to Government.

TRM.3

DEWAN'S OFFICE
24 DEC. 1935
Rs. 708

TELEGRAPHIC ADDRESS.
"COUTTS, RAND, LONDON."

440, Strand, London.
W.C.2.

FO/SL.20.

2nd December, 1935.

1- JAN. 1936
2654

FINANCIAL SECRETARY
4 DEC.
Rs.

Sir,

We beg to acknowledge the receipt of your letter No.3682 dated the 19th instant and we have taken note to pay on the 30th March 1936 the sum of £723,900., at present on Special Deposit, to the Secretary of State for India, in connection with the repayment of Madras and Southern Mahratta Railway Debentures 1936.

The interest on these deposits will be credited to the Royalty Account as you request.

We note that the Secretary of State is being requested to hand to us the following securities

Madras & Southern Mahratta Railway 4% Stock 1938	£60,907.
Bombay Improvement Trust 4% Debenture	£31,300.

We will advise you when these securities are received and shall have pleasure in holding them in safe custody on behalf of your Government.

We have the honour to be,
Sir,
Your most obedient Servants,

Coutts & Co.

J. Seay
M9
24-12-35

For perusal.
R Seay
24/12/35.

Amin-ul-Mulk
Sir Mirza M.Ismail Kt.C.I.E.,O.B.E.,
Dewan of Mysore,
Public Offices,
Bangalore.

Dewan - Sent Copy &
Compr No 3/1/36. Rs 1/1/36. 5760 of 4/1/36

HK

FINANCIAL BRANCH OF THE GEN'L & REVENUE SECRETARIAT
2607
23 DEC. 1935

7/146-34-20

JOHN TAYLOR & SONS,
TELEGRAPHIC ADDRESSES.
INLAND TELEGRAMS:-
"ROLYAT, CANNON, LONDON."
CABLEGRAMS:
"ROLYAT, LONDON."
TELEPHONE, CENTRAL 2426.
(4 LINES)
KENNETH BARING TAYLOR, M.Inst.M.M.
SYDNEY ENFIELD TAYLOR, M.Inst.M.M.

DEWAN'S OFFICE
23 DEC. 1935
No. 4837

6, Queen Street Place,
London, E.C.4. 5th December 1935.

FINANCIAL SECRETARY
23 DEC. 1935
No.

Dewan's

23/12

23/12/35.

From
Messrs. John Taylor & Sons,
6, Queen Street Place,
London, E. C. 4.

To
S. Shamanna Esq., B.A.,
Financial Secretary to
The Government of His Highness the Maharaja of Mysor
General and Revenue Secretariat,
Bangalore.

Dear Sir,

We have the honour to acknowledge the receipt of your letter dated the 8th November last informing us that the Mysore Government would be glad if the Kolar Mining Companies could as a special case on this occasion, arrange to pay to Messrs. Coutts & Co. for credit of Government Account, the amount of supplemental royalty on dividends for 1935 or as large a portion of it as is possible, and also the Cauvery Power Bills for February 1936, prior to 1st April 1936.

Duplicate copy sent to Comptroller for information

Copies of your communication have been furnished to the Companies concerned for their information, and we write to say that everything will be done as far as is possible, to meet your wishes in the matter.

3-1-36

Duplicate copy of letter & enclosures returned with compliments

A. Shamanna

3.1.36

We have the honour to remain,
Your obedient servants,

23-12-35

24/12/35.

John Taylor & Sons

Fc 5665

C.7.146-34 To 21

Messrs. Coutts & Co.,

440 Strand, London, W.C.2.

9 161/36

Gentleman,

With reference to your letter No.FO/SL.20 dated 2nd December 1935, stating that you have taken note to pay on the 30th March 1936 the sum of £.7,23,900, at present on special deposit, to the Secretary of State for India in connection with the repayment of Madras and Southern Maharatta Railway - Debentures 1936, I have the honour to state that ~~our~~ the intention of the fork of disposal is that the Fixed Deposits referred to above (including also the deposits amounting to £.30,000 subsequently made) should be transferred to and held under the disposal off the Secretary of State for India immediately, though the payment of the amount thereof ~~will~~ may be made on the due date, viz., 30th March 1936. I therefore request you to be so good as to arrange ~~further~~ for these Fixed Deposits being transferred to and placed at the disposal of the Secretary of State for India immediately, - intimation thereof being sent to the Secretary of State for India and to me.

I have etc.,

Dewan.

Fc 5666 copy to Comptroller

9 161/36 13-1-36 15-1-36

No. F 8665

4-7 146. 24. 21

PUBLIC OFFICES,

Bangalore, 15th January *1936*

FROM

AMIN-UL-MULK
SIR MIRZA M. ISMAIL, K.C.I.E., ~~K.X.E.E.E.~~ O.B.E.,
DEWAN OF MYSORE.

To

Messrs. Coutts & Co.,
440 Strand,
London W.C.2.

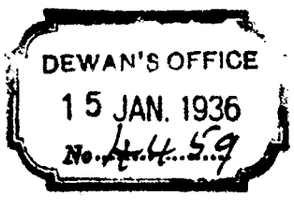
Gentlemen,

With reference to your letter No.FO/SL.20, dated the 2nd December 1935, stating that you have taken note to pay on the 30th March 1936 the sum of £.7,23,900 at present on special deposit, to the Secretary of State for India in connection with the repayment of the Madras and Southern Maharatta Railway Debentures of 1936, I have the honour to state that the intention of the Government of Mysore is that the Fixed Deposits referred to above (including also the deposits amounting to £.30,000 subsequently made) should be transferred to and held at the disposal of the Secretary of State for India immediately, though the payment of the amount thereof may be made on the due date, viz., 30th March 1936. I ~~am~~ wls, therefore, to request you to be so good as to arrange for these Fixed Deposits being transferred to and placed at the disposal of the Secretary of State for India immediately, intimation thereof being sent to the Secretary of State for India and also to me.

I have the honour to be,
Gentlemen,
Your most obedient servant,

Dewan of Mysore.

Serial No.



The amount involved is very large (over 30,000 ₹). The present reference is in continuation of the previous reference (Flag 'I') which was issued under the signature of the Dewan. Hence this letter is proposed to be issued under Dewan's signature.

Dewan)

15-1-36

(Isn't a bill goes Sai mail?)

16/1/36

WD 03594—GPB—30,000—13-7-35

15th January 6

Ms865
9.7146.34.21

K.C.I.E.,
xxxxxxx

Messrs. Coutts & Co.,
440 Strand,
London W.C.2.

Gentlemen,

With reference to your letter No.FO/SL.20, dated the 2nd December 1935, stating that you have taken note to pay on the 30th March 1936 the sum of £.7,23,900 at present on special deposit, to the Secretary of State for India in connection with the repayment of the Madras and Southern Maharatta Railway Debentures of 1936, I have the honour to state that the intention of the Government of Mysore is that the Fixed Deposits referred to above (including also the deposits amounting to £.30,000 subsequently made) should be transferred to and held at the disposal of the Secretary of State for India immediately, though the payment of the amount thereof may be made on the due date, viz., 30th March 1936. I would, therefore, request you to be so good as to arrange for these Fixed Deposits being transferred to and placed at the disposal of the Secretary of State for India immediately, intimation thereof being sent to the Secretary of State for India and also to me.

I have the honour to be,
Gentlemen,
Your most obedient servant,

DEWAN OF MYSORE.

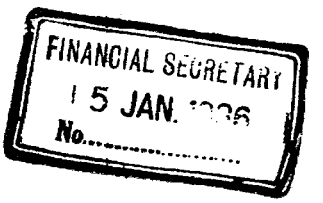
M4

TELEGRAPHIC ADDRESS.
"COUTTS, ~~RAND~~, LONDON."

FO/SL.20.

440, Strand, London,
W.C.2.

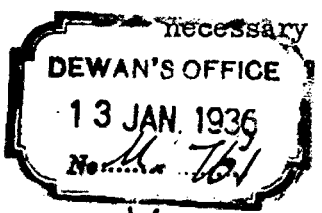
23rd December, 1935.



Sir,

Referring to your letter, No.Fl.3682, of the 11th November last, we now beg to send to you herewith a copy of a letter which we have received from the Under Secretary of State for India.

We shall be glad if you will give us the necessary information to enable us to reply to this letter.



We have the honour to be,
Sir,
Your most obedient Servants,

Coutts & Co

F. Secy
Dr
13-1-36
15.1.36
To Compy
Amin-ul-Mulk

1871 - Sir Mirza M.Ismail, Bart., C.I.E., O.B.E.,
Dewan of Mysore,
Public Offices,
Bangalore.

FO/SL.20.

C O P Y.

INDIA OFFICE,

WHITEHALL,

LONDON, S.W.1.

Financial Department.
No.F.6989/35.

21st December, 1935.

Gentlemen,

I am directed to refer to your letter, FO/SL.20 of the 2nd instant, in which it was stated that you had received instructions from the Dewan of Mysore to pay to this office on the 30th March 1936 the sum of £723,900. in connection with the repayment of £1,200,000. Debenture Stock 1936 of the Madras and Southern Mahratta Railway Company.

The Government of India have reported that the following arrangements had been or were proposed to be made by the Mysore Government in regard to the repayment of the above loan:-

(1) of the £1,200,000. Stock outstanding, Stock to the amount of £389,991. held by the Secretary of State and the Mysore Government was to be cancelled, leaving a balance of £810,009. to be provided.

(2) About £298,000. of this sum was to be found from fixed deposits held by your firm for the Mysore Government, including the proceeds of the 1938 Stock held by your firm, and certain surplus cash.

(3) The balance, amounting to £512,009. was to be remitted by your firm as early as possible.

It will be observed that there is a difference of £86,109. between the sum of £723,900. which you report that you have been instructed to pay to this office, and the amount of £810,009. mentioned by the Government of Mysore. It appears possible that your firm have since purchased a further amount of 4% Madras and Southern Mahratta Railway Debenture Stock 1936 for

Messrs.Coutts & Co.,
440, Strand,
W.C.2.

cancellation, which would reduce the amount to be remitted by the [illegible]
of Tyeore and I am to enquire whether this is so.

As regards the £50,907. Madras and Southern Mahratta Railway
4% Debenture Stock 1953 and the £31,500. Bombay Improvement Trust 4%
Debentures, I am to say that it is proposed to hand over these securities
to you on 1st April 1936 after the cash required to redeem the [illegible] and
Southern Mahratta Railway 4% Debenture Stock 1953 has been received by the
Secretary of State.

I am, Gentlemen,
Your obedient servant,

(Signed) ROBT. HOTTY

for Financial Secretary.

H 5728
G.F 146.34.

9 24 1/36.

By Air Mail.

To

Messrs Coutts & Co.,
Bankers,
440, Strand, LONDON. W.C.2

Gentlemen,

I have the honour to acknowledge the receipt of your letter No. FO/SL.20 dated the 23rd December 193 regarding the payments to be made to the Secretary of State for India in connection with the repayment of the 4% M.& S.M. Railway 1936 Debenture Stock on the first of April 1936.

2. You will observe from my letter No. F1.5665/G.F.146-34-21 dated 16th January 1936 that a payment of £753,900 to the Secretar of State on 30-3-1936, out of the proceeds of the Fixed Deposits now held with you has been already authorised. A further sum of £72,309-3-8, as per particulars not in the margin, will have to be pai for meeting the balance of the lo and the interest due for the current half year on the balance of the Stock to be repaid in cash. I requ you to kindly pay this amount alsc on the 30th March 1936 to the Secretary of State for India from the balance in the Royalty account with you.

3. I am to add that, in the ordinary course, there will be suff cient balance in the Royalty -

Duplicate copy sent by the ordinary mail 25-1-36

	£
Total stock ...	1,200,000-0-0
Stock held by the Secretary of State and the Govt. of Mysore to be cancelled. ...	389,991-0-0
Balance stock to be repaid on 1-4-36. ...	810,009-0-0
Interest on this balance of Stock for the last half year. ...	16,200-3-8
Total. ..	826,209-3-8
Deduct:- Amount authorised in letter dated 16-1-36. ..	753,900-0-0
Balance amount authorised in the present letter.	£ 72,309-3-8

(may)

account to meet this payment, as Messrs. John Taylor & Sons, London, are likely to pay as a special case in the month of March this year, the dues on account of Royalty and power revenue which they would have otherwise paid in the ordinary course in April.

4. If it should so happen for any reason, that the current account balance on 30th March 1936 in the Royalty account with you ~~should~~ will not be enough to meet the payment referred to above, I am to request that you will be good enough to allow an overdraft in the current account to the extent necessary, against the cover of the 4% M.&S.M. Ry. Stock 1938, for £60,907 and the 4% Bombay Improvement Trust Debentures for £31,300 which will be delivered by the Secretary of State for India to you on 1-4-1936, if not earlier (Vide the India Office letter dated 21-12-1935 to your address sent as enclosure to your letter under reply).

5. I request you to kindly acknowledge by cable the receipt of this letter and intimate your assent to the arrangement proposed.

I have etc.,

DEWAN OF MYSORE.

21.1.36

Copy to Comptroller

21/1/36

Pol 772

d 24-1-36

To

The Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

Subject:-- Repayment of the Mysore Railway Debenture Loan.

Sir,

In continuation of this office letter No. Pol 754 dated the 15th January 1936, stating that the Fixed deposits aggregating £ 7,53,900 now held by the Government of Mysor with Messrs. Coutts & Co., London, and repayab on 30th March 1936, will be transferred to, ~~the~~ and held at the disposal of the Secretary of State for India immediately, I am directed to state that Messrs. Coutts & Co., London, have been asked to pay to the Secretary of State f India on 30th March 1936, a further sum of £ 72,309-3 as per particulars noted in the margin, for meeting the balance of the Railway Debenture loan, and the interest due for the half year ending 31st March 1936 on the balance of the loan due to be repaid in cash. ~~Since It will thus be seen that~~ As full provision has been made for the discharge of the loan on 1st April 1936.

	£
Total stock	12,00,000-0-0
Deduct Stock held by the Secretary of State and the Government of Mysore, to be cancelled	3,89,991-0-0
~~Balance~~ of stock to be repaid on 1st April 1936	8,10,009-0-0
Amount of Fixed Deposits transferred to the Secretary of State	7,53,900-0-0
Balance to be provided	56,109-0-0
Add Interest on £ 8,10,009 for the half year ending 31st March 1936	16,200-3-8
Total still payable	72,309-3-8

I am to request you to be so good as to ~~kindly~~ arrange for the transfer to the Mysore Government, of the Sterling and Rupee Securities now held in the Sinking fund forme for the discharge of the above loan, as early as possible.

I have etc.,

21/1/36.

Financial Secretary

21-1-36

Copy to Comptroller.

5730

21/1/36

£ 5728
G.7146.34

Bangalore,
Dated, 22nd January 1936.
24

FROM

AMIN-UL-MULK
SIR MIRZA M. ISMAIL, K.C.I.E., O.B.E.,
DEWAN OF MYSORE,
Bangalore.

To

Messrs Coutts & Co.,
Bankers,
440, Strand , London, W. C. 2.

Gentlemen,

I have the honour to acknowledge the receipt of your letter No.F0/SL.20 dated the 23rd December 1935, regarding the payments to be made to the Secretary of State for India, in connection with the repayment of the 4% M. & S.M. Railway 1936 Debenture Stock on the first of April 1936.

2. You will observe from my letter No.Fl.5665/C.F.146-34-21 dated 16th January 1936 that a payment of £753,900 to the Secretary of State on 30-3-1936, out of the proceeds of the Fixed Deposits now held with you, has been already authorised. A further sum of £72,309-3-8, as per particulars noted in the margin, will have to be paid, for meeting the balance of the loan and the interest due for the current half year on the balance of the Stock to be repaid in cash. I request you to kindly pay this amount also on the 30th March 1936 to the

	£
Total stock.	12,00,000-0-0
Stock held by the Secretary of State and the Government of Mysore to be cancelled. ...	3,89,991-0-0
Balance stock to be repaid on 1-4-1936. ...	8,10,009-0-0
Interest on this balance of Stock for the last half year. ...	16,200-3-8
Total.	8,26,209-3-8
Deduct:- Amount authorised in letter dated 16-1-1936. ...	7,53,900-0-0
Balance amount authorised in the	72,309-3-8

Secretary of State for India from the balance in the Royalty account with you.

3. I may add that, in the ordinary course, there will be sufficient balance in the Royalty account to meet this payment, as Messrs. John Taylor & Sons, London, are likely to pay as a special case, in the month of March this year, the dues on account of Royalty and power revenue which they would have otherwise paid in the ordinary course in April.

4. If it should so happen, for any reason, that the current account balance on 30th March 1936 in the Royalty account with you will not be enough to meet the payment referred to above, I ~~xxxxx~~ request that you will be good enough to allow an over-draft in the current account to the extent necessary, against the cover of the 4% M. & S. M. Railway Stock 1938, for £60,907, and the 4% Bombay Improvement Trust Debentures for £31,300 which will be delivered by the Secretary of State for India to you on 1-4-1936, if not earlier (Vide the India Office letter dated 21-12-1935 to your address sent as enclosure to your letter under reply).

5. I request you to kindly acknowledge the receipt of this letter and intimate your assent to the arrangement proposed by cable.

I have the honour to be,

Gentlemen,

Your most obedient servant,

Dewan of Mysore.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

FINANCIAL SECRETARIAT,

No. Fl. Pol 772. Bangalore, Dated, 22nd January 192~~x~~ 1936

From

S. Shamanna Esq., B.A.,

Financial Secretary to the Government of His Highness the Maharaja of Mysore.

To

The Secretary to the Hon'ble the Resident in Mysore.

Subject.

Sir~~x~~ Repayment of the Mysore Railway Debenture Loan.

****

Sir,

In continuation of this office letter No.Pol.754 dated the 15th January 1936 stating that the Fixed deposits aggregating £7,53,900 now held by the Government of Mysore with Messrs.Coutts & Co., London, and repayable on 30th March 1936, will be transferred to, and held at the disposal of, the Secretary of State for India immediately, I am directed to state that Messrs Coutts & Co., London have been asked to pay to the Secretary of State for India on the 30th March 1936, a further sum of £.72,309-3-8 as per particulars noted in the margin, for meeting the balance of the Railway Debenture Loan, and the interest due for the half year ending 31st March 1936 on the balance of the loan due to be repaid in cash.

	£.
Total stock	12,00,000-0-0
Deduct stock held by the Secretary of State and the Government of Mysore to be cancelled.	3,89,991-0-0
Balance of stock to be repaid on 1st April 1936.	8,10,009-0-0
Amount of Fixed Deposits transferred to the Secretary of State.	7,53,900-0-0
Balance to be provided.	56,109-0-0
Add Interest on £8,10,009 for the half year ending 31st March 1936.	16,200-3-8
Total still payable.	72,309-3-8

2. As full provision has ~~this~~ been made for the discharge of the loan on 1st April 1936 I am to request you to be so good as to arrange for the transfer, to the Mysore Government, of the Sterling and Rupee Securities now held in the Sinking Fund formed for the discharge of the above loan, as early as possible.

I have the honor to be,

Sir,

Your most obedient servant,

Sd. S. Shamanna.

Financial Secretary to Government.

Memo No. Fc 5730/4.7.

Dated Bangalore, the 22nd January 1936.
24

Copy of the above is forwarded with compliments to the Comptroller to Government.

By order,

Financial Secretary to Government.

Letter No.W 3217 dated 29th January 1936 from the Agent, M. & S.M. Ry.Co.Ltd., Madras to the Comptroller to the Govt. of Mysore, Bangalore.

Repayment of Mysore Debenture Stock

With reference to this office No.W 3217 dated the 23rd July 1935, I have the honour to forward two copies each of a 'Notice to Holders' and a 'Request Form' which will be issued to the 4% Debenture Stock (1936) Stock-holders at the end of this month.

The 'Request Form' is similar to that used by the East Indian Railway Company in connection with the recent redemption of their 4½% Debenture Stock and by the Bank of England in the repayment of various issues.

Copy

K S Ranganathan Jenior

Superintendent
Comptroller's Office.

P.A.

The Madras and Southern Mahratta Railway Company, Limited, 4% Debenture Stock 1936.

NOTICE TO HOLDERS.

In accordance with Notice already given the Madras & Southern Mahratta Railway Company, Limited, 4% Debenture Stock (1936) will be paid off at par on and after Wednesday, the 1st April, 1936; all interest will cease from the 31st March, 1936.

Closing of Transfer Registers. The Registers of the Stock will be finally closed for transfers on the evening of the 1st March, 1936, and the redemption money will be payable to the persons who, at the close of business on that date, are registered as the holders of the Stock.

Repayment. Instructions for the payment of the redemption money, which may be in favour of the Holder himself, a Banker or other Agent, should be given on the enclosed form*, as soon as possible. If the Stock is held on joint account the form must be signed by all the Holders.

Stock Certificate. **The Stock Certificate(s) must accompany the Request.**

Final Interest. Interest to the 31st March, 1936, will be payable on the 1st April, 1936, to the persons in whose names the Stock is standing on the evening of the 1st March, 1936, or in accordance with the dividend instructions already registered.

If any of the Stockholders mentioned in the Request Form are deceased, their deaths should at once be proved with the Company, as otherwise delay in payment of the redemption money may ensue.

THE MADRAS & SOUTHERN MAHRATTA RAILWAY COMPANY, LIMITED,
25, BUCKINGHAM PALACE ROAD,
WESTMINSTER, S.W.1.

January, 1936.

* Where a holding is registered in joint names, the form referred to is sent only to the person first named in the account,

B,T. & Co.

No.....

Redemption of
The Madras and Southern Mahratta Railway Company, Limited, Four per Cent. Debenture Stock 1936 at par on 1st April, 1936.

This form when completed must be lodged at the Office of The Madras and Southern Mahratta Railway Company, Limited, 25 Buckingham Palace Road, Westminster, S.W.1, AND MUST BE ACCOMPANIED BY THE STOCK CERTIFICATE(S).

REQUEST FOR THE TRANSMISSION BY POST OF WARRANT FOR REDEMPTION MONEY.

To the Board of Directors of the
MADRAS & SOUTHERN MAHRATTA RAILWAY COMPANY, LIMITED.

I/We hereby authorise you to forward at my/our risk a Warrant for the amount of Redemption Money in respect of £..... Madras & Southern Mahratta Railway Company, Limited, Four per Cent. Debenture Stock 1936, standing in the Books of the Company in the name(s) of

Insert full name and present Address of HOLDER or BANK or other AGENT to whom Warrant is to be made payable.

to .....

at .....

.....

Date.....1936.

This Form must be signed below by all the Holders, Executors or Administrators, as the case may be.

Witness to the Signature of

.....

Signature of Witness.....

Address .....

Occupation .....

Signature(s)

.....

Witness to the Signature of

.....

Signature of Witness.....

Address .....

Occupation .....

.....

Witness to the Signature of

.....

Signature of Witness.....

Address .....

Occupation .....

.....

Witness to the Signature of

.....

Signature of Witness.....

Address .....

Occupation .....

.....

Each Signature must be attested by a credible witness, who must state full Address and Quality, Profession or Occupation. A female witness must also state whether she is a Spinster, Wife or Widow. A husband is not a valid witness to the signature of his wife, nor will a wife's attestation of her husband's signature be accepted. If executed out of the United Kingdom or the Irish Free State, the Stockholder's signature should be attested by a British Minister, Consul, Vice-Consul, or other British Authority, or by a Notary Public.

(If the holding is in the name of a Corporate Body acting under Seal, this request must be executed under Seal, and should be lodged with the Company not later than 14 days before the payment is due).

B.T. & Co.

G.7 146-34-22

TELEGRAPHIC ADDRESS.
"COUTTS, RAND, LONDON."
FO/HAJ.22.

DEWAN'S OFFICE
12 FEB. 1936
No. 872

3166.
12 FEB. 1936
FINL. & REV. SECTT.

FINANCIAL SECRETARY
12 FEB. 1936
No.

440, Strand, London.
W.C.2.

31st January, 1936.

Sir,

We are favoured with your letter of the 16th instant in accordance with which we are now holding the sum of £753,900. formerly held on the account of the Mysore Government, at the disposal of the Secretary of State for India on Deposit Account fixed to the 30th March next.

The Secretary of State has been informed of this transfer, as desired.

We have the honour to be,
Sir,
Your most obedient Servants,

Coutts & Co

F. Secy.
12-2-36
12/2/36.

G.7 146-34-23

Copy to Comptroller for information.

By order,
12/2/36.
for Fin. Secy.
14-2-36

Amin-ul-Mulk
Sir Mirza M. Ismail, K.C.I.E., O.B.E.,
Dewan of Mysore,
Bangalore.

To Typing Sec'y

G.7146-34-23

Letter No. FO/HAJ 22 dated 21st January 1936 from Messrs. Coutts & Co., 440, Strand, London, to the Dewan of Mysore.

....

We are favoured with your letter of the 16th instan in accordance with which we are now holding the sum of - £ 753,900. formerly held on the account of the Mysore Government, at the disposal of the Secretary of State for India on Deposit Account fixed to the 30th March next.

The Secretary of State has been informed of this transfer, as desired.

Memo No. 6218

General and Revenue Secretariat,

Bangalore, 15th February 1936.

Copy of the above is forwarded with compliments to the Comptroller to Government, for information.

By Order,

for Financial Secretary to Govt.

Letter No.F 108-36 R O II dated 26th February 1936 from th Secretary to the Hon'ble the Resident.

R Draft reply approved by the Dewan on 26-2-36.

No.Pol 892 dated 27th February 1936 to the Secretary to the Hon'ble the Resident.

Letter No.F 108-36 R O II dated 24th February 1936 stating that the immediate transfer of the sterling securities has already been authorised and that steps are being taken to transfer the Rupee securities to the Mysore Govemment.

Noted by the Comptroller.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

CONFIDENTIAL. Ce.7 H-30. 146-34-Re

FINANCIAL 3226 24 FEB. 1936 GENL. & REV. SECTT.

No. F. 108-36
R.O. II

FINANCIAL SECRETARY 24 FEB 1936 No.

FROM

Major C. G. N. Edwards, I.A.,
SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

Dewan's

DEWAN'S OFFICE 24 FEB. 1936 No. S 2614 To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 24th Feby. *1936.*

Subject.

Repayment of the Mysore Railway Debenture Loan.

SIR,

With reference to the correspondence resting with your letter No. Pol.772, dated the 24th January 1936, I am directed to say that His Majesty's Secretary of State for India has since authorised the immediate transfer of the Sterling securities held by him to - - Messrs. Coutts and Company on behalf of the Mysore Government. Step are now being taken to transfer the Rupee securities to the Mysore Government, except such portion as is necessary to cover the sum of £72,309-3-8 which is under correspondence with the Secretary of State

I have the honour to be,
Sir,
Your most obedient servant,

25-2-36

(compt for note & return)

for SECRETARY TO THE RESIDENT.

20 FEB

Rec 1089 Books 28/2/36

73/272 BJ

Notes and returned with Compliments
A. Richmond
Comptroller

To. The Financial Sec^y) 27.2.36
to Govt.

DEWAN'S OFFICE
24 FEB. 1936
No. 912

C.7 146-34-25

TELEGRAPHIC ADDRESS.
"COUTTS, RAND, LONDON."
FO/SL.22.

440, Strand, London.
W.C.2.

FINANCIAL DEPT.
3319
24 FEB. 1936
GEN'L & REV. SECTT.

8th February, 1936.

Sir,

We are favoured with your letter of the 24th ultimo, Reference (H) 5728, G.F.146.34., and we have taken note to pay to the Secretary of State for India on the 30th March next the sum of £72,309.3.8. in addition to the sum of £753,900., regarding which you have already given us instructions.

We note that you anticipate that there will be sufficient funds on the Royalty Account to meet this payment, but, if this should not be so, we shall have pleasure in meeting your wishes by allowing the account to be overdrawn temporarily against the securities in our hands, including the following securities which we are to receive from the Secretary of State:-

£60,907. Madras & Southern Mahratta Railway 4% Debentures, 1938.
£31,300. Bombay Improvement Trust 4% Debentures, 1909 and 1910.

Inclusive of the sum of £753,900. on special deposit maturing the 30th March there is a sum of £15,000. on deposit fixed until the 3rd May. We assume that you would prefer us to utilize this money, if necessary, when the payment of £72,309.3.8. is made rather than that an overdraft should be outstanding while money is still on deposit. If this be in accordance with your wishes we should be ready to break the fixture on the 30th March, and, in the circumstances, we would allow interest at the same rate, viz. three-quarters of one per cent per annum.

We are,
Sir,
Your most obedient Servants,

Amin-ul-Mulk,
Sir Mirza M.Ismail, K.C.I.E., O.B.E.,
Dewan of Mysore,
Bangalore,
S.India.

Coutts No

22-2-36

CONFIDENTIAL.

VERY URGENT. G.I 146-34-26

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

No. F.108-36 Enc.
R.O.II

FINANCIAL SECRETARY
26 FEB. 1936
No.

Draft reply is sent up for approval pr 26/2

From

Major C. G. N. Edwards, I.A.,
SECRETARY TO THE RESIDENT IN MYSORE.

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 26th Feby. *1936.*

Subject.

REPAYMENT OF THE MYSORE RAILWAY DEBENTURE LOAN.

Sir,

I am directed to refer to the correspondence ending with my letter No.F.108-36/R.O.II, dated the 24th February 1936, regarding the re-payment of the Mysore Railway Debenture Loan.

2. The Government of India have telegraphed to say that it is understood that Messrs. Coutts & Company have merely received instructions to pay to the Secretary of State for India the balance of £72,309-3-8 on the 30th March 1936. In the case of the original sum, however, they have intimated to the Secretary of State that they hold at his sole disposal fixed deposits and have undertaken to pay him the amount on the due date. The Secretary of State considers that this procedure should be followed in regard to the outstanding balance; and I am to request that if there is no objection, Messrs. Coutts & Company may kindly be instructed accordingly. The Secretary of State will authorise the release of the remaining rupee securities as soon as he receives the requisite information from Messrs. Coutts & Company.

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT.

BJ

Pol. 892 & 27-2-36

To

C.7 146-34-27

The Secretary to the Hon'ble
the Resident in Mysore,
Bangalore.

Repayment of the Mysore Railway
Debenture Loan.

Sir,

With reference to your letter No.F. 108-36/R.O.II dated 26th February 1936, I am directed to state that Messrs Coutts & Co., London, have not got now at the credit of the Mysore Government, the entire balance of £ 72,309-3-8 yet to be paid to the Secretary of State in connection with the discharge of the above loan, and that it is therefore not possible to, without undue haste immediately ~~place~~ at the disposal of the Secretary of State the above sum. The Mysore Government expect that the balance at their credit with Messrs. Coutts & Co., on 30th March 1936, will be more than the above sum, and have accordingly asked Messrs.Coutts & Co to pay the above sum to the Secretary of State on the said date. I am to add that the Mysore Government are not in particular ~~keen about~~ hurry about the ~~immediate~~ transfer to them of the entire Rupee Securities now held by the Controller of Currency and have no objection to the retention of Rupee Securities equivalent to £ 72,309-3-8 till the 30th March 1936.

I have etc.,

Asst. Secretary.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Bangalore, Dated, 27th February 1936.

No. Fd. 892

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Secretary to the Hon'ble the Resident in Mysore,
Bangalore.

Sir,

Subject:- Repayment of the Mysore Railway Debenture Loan.

With reference to your letter No. F. 108-36/R.O.II, dated 26th February 1936, I am directed to state that Messrs. Coutts & Co., London, have not got now at the credit of the Mysore Government, the entire balance of £ 72,309-3-8 yet to be paid to the Secretary of State in connection with the discharge of the above loan, and that it is therefore not possible to instruct them to place immediately at the disposal of the Secretary of State the above sum. The Mysore Government expect that the balance at their credit with Messrs. Coutts & Co. on 30th March 1936, will be more than the above sum, and have accordingly asked Messrs. Coutts & Co., to pay the above sum to the Secretary of State on the said date. I am to add that the Mysore Government are in no particular hurry about the transfer to them of the entire Rupee Securities now held by the Controller of Currency and have no objection to the retention of Rupee Securities equivalent to £ 72,309-3-8 till the 30th March 1936.

I have the honor to be,
Sir,
Your most obedient servant,

Financial Secretary to Government

TRM.2

C.7 - 146-34-28

TELEGRAPHIC ADDRESS.
"COUTTS, RAND, LONDON."
FO/SL.22.

FINANCIAL SECRETARY
3373.
26 FEB 1936
440, Strand, London.
CENL & R.V. SECT.

W.C.2.

16th February, 1936.

DEWAN'S OFFICE
26 FEB. 1936
No. D. 925

Sir,

With further reference to your letter of the 11th November last, Reference H.3682, we beg to inform you that we have now received from the Secretary of State for India the following securities:-

£60,907. Madras & Southern Mahratta Railway 4% Debenture Stock, 1938.

£31,300. Bombay Improvement Trust 4% Debenture Bonds.

We will hold these securities on behalf of the Mysore Government Royalty Account, and assuming it to be your wish, we are arranging to transfer the Railway Stock into the name of our nominees, Strand Nominees Limited.

We are,
Sir,
Your most obedient Servants,

Coutts & Co

FINANCIAL SECRETARY
No.

Amin-ul-Mulk
Sir Mirza M.Ismail, K.C.I.E., O.B.E.,
Dewan of Mysore,
Public Offices,
Bangalore,
S.India.

No. 20. 1171 17-3-36

Noted and returned with compliments.

Comptroller.

17.3.36

C.F. 146-36-48 By Air Mail
To

Messrs. Coutts & Co.,

440 Strand, London

W C 2.

Gentlemen,

I am directed to acknowledge with thanks the receipt of your letter No.FO/SL 22 dated 8th February 1936 stating that a temporary overdraft will be allowed, if this is found necessary, in connection with the payment of £ 72,309-3-8 to the Secretary of State for India towards the discharge of the Mysore Railway Sterling Loan, and to add that the arrangement suggested by you for Fixed Deposits of £ 15,000 fixed until 3rd May (and further Fixed deposits which may be fixed subsequently if any) may be utilised in connection with the above payment, instead of an overdraft.

I beg to remain,

I have etc.,

9.3.36.

Financial Secretary

Copy of the above is forwarded with compliments to the Comptroller for information.

By order,

9.3.36

Financial Secretary

9.3.36

C.7-146-34-30

In reply please quote reference to No. Books 1192.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 23rd March *1936*.

FINANCIAL SECRETARY 26 MAR 1936 No.

FROM

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of His Highness the Maharaja of Mysore,
Bangalore.

To

S. Shamanna Esq., B.A.,
Financial Secretary to the Government of Mysore,
Bangalore.

FINANCIAL 3986 27 MAR 1936 GEN'L

SIR,

I have the honour to forward herewith for the information of Government copy of Memo No.C.C.1778 dated the 16th March 1936 from the Controller of the Currency, Calcutta, forwarding copy of his letter No.CC.1777 of the same date addressed to the Accountant General Madras. The remaining securities, other than the 4% Madras Municipal debentures and the Government of India 3½% Paper referred to in the above, aggregate Rs.11,66,100/- as detailed in the margin. I am to add that the 3½% securities for Rs.112,57,200 mentioned therein have since been received from the Controller of the Currency, Calcutta.

Govt. of India 3% Paper	Rs. 10,66,100
" 4% 60-70 Securities	" 1,00,000
	Rs. 11,66,100

I have the honor to be,
Sir,
Your most obedient servant,

A. N. Raghavachar
Comptroller.

For perusal. The securities of the face value of Rs 11-66 lakhs will be returned to us after 1st April 1936.

U.

27/3.

P.T.O.

M

29-3-36

Letter No.C.C.1777 dated the 16th March 1936 from the Controller of the Currency, Calcutta to the Accountant General, Madras.

Please refer your letter No.D.B.10-1-40 dated the 8th April 35, forwarding a statement showing the particulars of the Madras Municipal Debentures held by you on my behalf. As the Government of India have directed me to return those Debentures and other Government of India securities held on account of the Mysore Railways Debenture Loan Sinking Fund, I request you kindly to arrange immediately to return the said Debentures, as detailed in the margin direct to the Comptroller to the Government of Mysore under advice to this office.

4% Madras Mu. Debs.	1914	Rs.141000 ✓
Do	1895	" 14000 ✓
Do	1913	" 145000 ✓
	Total	Rs.300000 ✓

Sd. K.Batabyal
For Controller of the Currency.

No.C.C.1778, dated the 16th March 1936

Copy forwarded to the Comptroller to the Government of Mysore, Bangalore, for information. Arrangement is being made by me for the return of the following Government of India Rupee securities. The remaining securities will be sent in due course on receipt of further orders of the Government of India.

3½% Loan	1865	Rs.1,08,23,400 ✓
"	1842-43	Rs. 17,500 ✓
"	1900-01	Rs. 4,16,300 ✓
		Rs.1,12,57,200 ✓

Sd. K. Batabyal
For Controller of the Currency.

'Copy'
D. Venkatasamiah 25.3.36
Superintendent,
Book Section,
Comptroller's Office.

C.2-14624-31

TELEGRAPHIC ADDRESS.
"COUTTS, ~~PARIS~~, LONDON."
FO/HAJ.22.

440, Strand, London.
W. C. 2.

DEWAN'S OFFICE
R. 1936
M. H 1028

FINANCIAL REL. OFF.
4472
2 APR. 1936
GEN'L & REV. DEPT.

FINANCIAL SECRETARY
10 MAR. 1936
No.....

9th March, 1936.

Sir,

We are favoured with your letter of the 17th ultimo, and we thank you for confirming the Comptroller's instructions to us to deliver to the Secretary of State for India, Madras and Southern Mahratta Railway 4 per cent Debenture Stock, 1936, for £365,619. for cancellation.

We are,
Sir,
Your most obedient Servants,

Coutts & Co.

7 Ry
M
2873
F 88/214/36

Amin ul Mulk,
Sir Mirza M.Ismail,K.C.I.E., O.B.E.,
Dewan of Mysore,
Bangalore,
India.

OFFICE OF THE
COMPTROLLER TO THE GOVERNMENT
OF H. H. THE MAHARAJA OF MYSORE.

Bangalore 20th April 1936.

No. 91 / Encl (one cover)
Bdh.

To

The Private Secretary
to the Dewan of Mysore
Bangalore

SIR,

I have the honor to forward herewith the documents noted below as ~~requested~~ in your No. ~~dated~~ 193-

Received from Messrs Cables & Co today

I have the honor to be,
Sir,
Your most obedient servant,

S. Venkataramiah
20.4.36
Comptroller.

One closed cover addressed to the Dewan of Mysore

CONFIDENTIAL.

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

G.I 146-36

No. F.108-36
R.O. II 4702
20 APR. 1936
GENL. & REV. SECTT.

FINANCIAL SECRETARY
17 APR. 1936
No.

17/4

17.4.36.

FROM

Major C. G. N. Edwards, I.A.,

SECRETARY TO THE HON'BLE THE RESIDENT IN MYSORE.

6348

To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 17th April *1936*.

REPAYMENT OF MYSORE RAILWAY DEBENTURE LOAN.

SIR,

With reference to the correspondence ending with your letter No. Pol.892/Fl., dated the 27th February 1936, regarding the repayment of the Mysore Railway Debenture Loan, I am directed to say that His Majesty's Secretary of State for Ind: has now authorised the release of the remaining rupee securit: and that steps are being taken accordingly.

Draft
copy forwarded we to the Comptroller

I have the honour to be,
Sir,
Your most obedient servant,

for SECRETARY TO THE RESIDENT.

TYPING SECTION.
22 APR. 1936
GENL. & REV. SECTT.

20/4/36.

G.F 146-3-33

Letter No.F.108-36/R.O.II dated the 17th April 1936 from the Secretary to the Hon'ble the Resident in Mysore, to the Financial Secretary to the Government of Mysore.

REPAYMENT OF MYSORE RAILWAY DEBENTURE LOAN.

With reference to the correspondence ending with your letter No.Pol.892/F1.dated the 27th February 1936, regarding the repayment of the Mysore Railway Debenture Loan, I am directed to say that His Majesty's Secretary of State for India has now authorised the release of the remaining rupee securities and that steps are being taken accordingly.

General and Revenue Secretariat.

No. 761 G.F

Dated Bangalore the 23rd April 1936.
24

Copy of the above is forwarded, with compliments, to the Comptroller to Government.

By Order,

M Shamanna

For Financial Secretary to Govt.

c.c.-2

FINANCIAL SECRETARY
5395
27 MAY 1936
GEN. & REV. DEPT.

FINANCIAL SECRETARY
26 MAY
No.

U.O.No.1448/Books. Dated 26th May 1936.

In continuation of my U.O.No.1192/Books dated 23-3-1936, I beg to report, for the information of Government, that the Controller of the Currency has since returned to me the remaining Government securities and debentures of the face value of Rs.14,66,100 that had been held by him on behalf of the Government of Mysore on account of the Mysore Railway Debenture Loan Sinking Fund. The total of the securities received from him aggregate Rs.127,23,300 as detailed below:-

3%	Government of India	1896-97	Rs.10,66,100
3½%	"	1865	108,23,400
	"	1842-43	17,500
	"	1900-01	4,16,300
4%	"	1960-70	1,00,000
4%	Madras Municipal Debentures of 1913.	..	1,45,000
-do-	1914.	..	1,41,000
-do-	1895	..	14,000
		Total.	Rs.127,23,300

2. The Government securities are converted into Stock Certificates and kept in the custody of this office. The Madras Municipal Debentures (Rs.3 lakhs) have been forwarded to the Bank of Mysore Ltd., for custody and realisation of the half yearly interest on the due dates.

Comptroller.

To
The Financial Secretary
to Government.

KR)

FINANCIAL SECRETARY
26 NOV. 1936
No.

U.O.No.606/Books dated 25th November 1936.

FINANCIAL BRANCH
1760
26 NOV. 1936
GEN'L & REV. SECTT.

Repayment of the 4% M.&.S.M. Debenture Stock 1936.

1631

I enclose herewith, for the information of Government, copy of letter No.W.3217 dated the 23rd November 1936 from the Agent, M.&.S.M.Railway Co.,Ltd.,Madras intimating that the whole of the £1,200,000 has been repaid and the Stock cancelled, with the exception of £47 Stock registered in the name of Miss Annie Rosa Eady of Cumberland House, London. I have again requested him to send me an advice as soon as the balance of stock of £47/- referred to is also repaid and cancelled.

Comptroller.

The Financial Secretary
to Government with compliments.

Dewan Thro' Chief Sec.

For information
26/11

26 NOV. 1936

KR

26/11

27-11-36

8-2-37

Letter No.W.3217 dated 23rd November 1936 from the Agent, The Madras and Southern Mahratta Railway Co.,Ltd., Madras to the Comptroller to Government.

Repayment of the Mysore Debenture Stock.

With reference to your letter No.430/Books dated the 6th October 1936, I have the honour to state that the whole of the £1,200,000 has been repaid and the stock cancelled with the exception of £47 stock registered in the name of Miss Annie Rosa Eady of Cumberland House, 2. Newnham Road, Wood Green, London.

It is understood from my Board that further delay in repayment of this small amount is likely to ensue as owing to ill-health, this stockholder is not at present able to comply with the necessary formalities to enable this Administration to repay the ~~£45~~ £47 in question.

Copy

T. Venkatachariah
25.11.36
for Comptroller

KR)